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IOWA
CORPORATION INCOME
AND
FRANCHISE TAX
REPORT

Returns Filed in 1978

CPA 86169

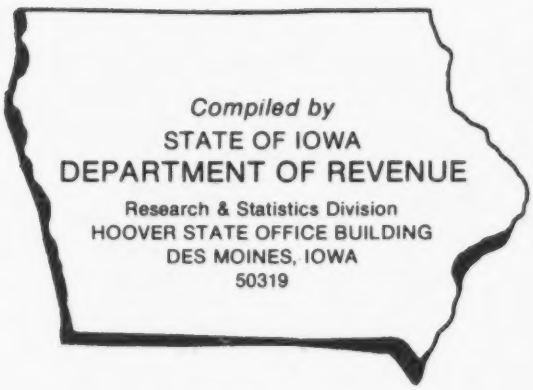

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TABLE OF CONTENTS

	Page
INTRODUCTION	1
IOWA CORPORATION INCOME TAX	3
Summary of Corporation Income Tax Law	4
Explanation of Terminology	6
Income Tax Abatements	7
Summary of 1978 Returns	8
Analysis of Total Returns	10
Analysis By Apportionment	16
Analysis By Residency	22
IOWA FRANCHISE TAX	27
Summary of Iowa Franchise Tax Law	28
Analysis of Franchise Tax Returns Received	29

STATISTICAL APPENDIX

Analysis of Corporation Income Tax Returns

Table 1:	Total Corporation Returns by Business Class	34
Table 2:	Resident Corporation Returns by Business Class	35
Table 3:	Nonresident Corporation Returns by Business Class	36
Table 4:	Total Corporation Returns by Taxable Income	37
Table 5:	Resident Corporation Returns by Taxable Income	38
Table 6:	Nonresident Corporation Returns by Taxable Income	39
Table 7:	Total Nonapportioning Corporation Returns by Business Class	40
Table 8:	Total Nonapportioning Corporation Returns by Taxable Income	41

		Page
Table 9:	Total Apportioning Corporation Returns by Business Class	42
Table 10:	Resident Apportioning Corporation Returns by Business Class	44
Table 11:	Nonresident Apportioning Corporation Returns by Business Class	46
Table 12:	Total Apportioning Corporation Returns by Taxable Income	48
Table 13:	Resident Apportioning Corporation Returns by Taxable Income	50
Table 14:	Nonresident Apportioning Corporation Returns by Taxable Income	52
Table 15:	Total Corporation Returns by County	54

Analysis of Franchise Tax

Table 16:	Total Franchise Tax Returns	57

INTRODUCTION

The 1978 report on corporation income and franchise tax consists of two major sections. The corporation income tax section contains a summary of corporate income tax law, information on tax abatements granted by the Director of Revenue, an analysis of data, and a statistical appendix of fifteen tables. Data is analyzed from the pay returns received during calendar 1978 from which tax was due. These returns are classified according to apportioning and nonapportioning corporations as well as by resident and nonresident status, and analyzed by income group, by a revised system of business classes and by county. The franchise tax section is an analysis of the tax based upon income paid by financial institutions in Iowa. This section includes a summary of the franchise tax law, an analysis by taxable income brackets of pay returns received during calendar 1978, and an examination of the distribution of franchise tax receipts to the state general fund and to the general funds of the cities and counties in which the financial institutions are located.

IOWA CORPORATION

INCOME TAX

SUMMARY OF CORPORATION INCOME TAX LAW

A corporate income tax is imposed annually upon each corporation organized under the laws of this state and upon every foreign corporation doing business in this state, except certain organizations exempted from the tax under Section 422.34, such as financial institutions, insurance companies, and nonprofit organizations. If a corporation conducts all of its business or trade within the state, the tax is imposed upon its entire net income. If the corporation conducts its business partly within and partly without the state, the tax is imposed only on that portion of its net income attributable to the state.

Allocation and Apportionment of Income

Net income subject to taxation in Iowa is determined as follows:

1. Interest, dividends, rents and royalties received in connection with business in the state, shall be allocated to the state, and where received in connection with business outside the state, shall be allocated outside of the state.

2. The net income from the manufacture or sale of tangible personal property is apportioned to Iowa by the ratio of gross sales from goods delivered or shipped to a purchaser within the state regardless of F.O.B. point or other

conditions of the sale, excluding deliveries for transportation out of the state, to the total gross sales of the corporation. Net business income from sources other than the manufacture or sale of tangible personal property is apportioned to Iowa by the ratio of the gross receipts within Iowa to the total gross receipts. Certain corporations compute their Iowa gross receipts by applying a secondary ratio, e.g. trackage, mileage, traffic units, to the total gross receipts.

Iowa Taxable Income

Iowa taxable income is defined as net income properly computed for federal income tax purposes:

1. Less interest and dividends from federal securities.

2. Less 50 percent of the federal income taxes paid or accrued during the tax year, adjusted by any federal income tax refunds received.

3. Less any net operating loss deduction computed in the same manner as for federal income tax purposes with certain Iowa adjustments.

4. Plus interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax.

5. Plus any Iowa income tax deducted in computing taxable income for federal income tax purposes.

Tax Rates

The resulting Iowa taxable income is subject to the following rates in order to determine tax liability.

Taxable Income	Rate
First $ 25,000	6%
Next $ 75,000	8%
Over $100,000	10%

EXPLANATION OF TERMINOLOGY

Apportioning Corporations - Corporations which do business both within and without the state are taxed by Iowa on only the net income derived from this state. Such a corporation must apportion its business income to determine the portion of income which is subject to Iowa corporate income tax.

Nonapportioning Corporations - Those corporations which do all their business or trade within the state.

Subchapter S Corporations - A Subchapter S corporation is one which elects to have the shareholders report the income and pay any tax due on their individual income tax returns rather than paying under the corporation income tax.

Pay Returns - If a corporation has a tax liability greater than zero, it is classified as a pay return.

Resident and Nonresident Corporations - Residency is determined by the mailing address from which the return was filed,

and refers to the status of being located in the state or out of the state.

Business Class - Data in the report is grouped according tc the major business activity indicated by the taxpayer. The data reported in one category may include business activity from another type of activity and therefore, should not be considered as an absolute indicator of business activity by a business class.

INCOME TAX ABATEMENTS

Legislation enacted by the 65th General Assembly gave the Director of Revenue the power "to abate any portion of tax, interest, or penalties which he determines are excessive in amount or erroneously or illegally assessed". The table below summarizes the corporate income tax abatements allowed in calendar 1978.

Corporation Income Tax Abatements
Year Ending December 31, 1978

Reason for Abatements	Number of Returns	Tax	Penalty Interest and Fees	Total Amounts
Taxpayer filed new or amended returns	7	$ 40,500.47	$19,252.65	$ 59,753.12
Taxpayer Income Verified by Field Audit	4	$236,659.43	$60,223.09	$296,882.52
Miscellaneous	3	$ 484.58	$ 33.60	$ 518.18
TOTAL	14	$277,644.48	$79,509.34	$357,153.82

SUMMARY OF 1978 RETURNS AND TAX

During calendar 1978, 36,553 corporation income tax returns were filed with the Department of Revenue. Of this number, 16,991 had a tax liability, 12,045 had no tax liability, and 7,517 corporations were Subchapter S returns, for which the tax liability is passed on to the corporate shareholders. The 16,991 pay returns had a total tax liability of $100.5 million, for an increase of 8.21 percent over the previous year, marking the first time that Iowa corporate income tax liabilities reported in a calendar year have surpassed $100 million.

The largest class of businesses, as in years past, was manufacturing. These corporations paid 36.46 percent of all computed tax, while utilities and transportation companies paid the next highest amount of tax, with 21.69 percent of the tax due.

An analysis of the number of returns and amount of tax due by taxable income bracket over the last five years reveals a definite movement of returns toward the higher income brackets. As shown on the chart on pages 14-15, the percent of returns in the lowest income bracket was dropped from 72.07% to 63.67% from 1974 to 1978, while the percent of tax from the $1,000,000 bracket has grown from 38.56% in 1974 to 51.13% in 1978.

This year, a major portion of the report was devoted to an analysis of returns based upon apportionment. A total of

4,108 returns or 24.18 percent of the total that had a tax liability apportioned their income. However, these filers represented $71.7 million in tax, or 71.33 percent of the total tax due. On the other hand, nonapportioning corporations had 12,883 returns or 75.82 percent of all returns, but only $28.8 million in tax liability.

The second major area of analysis is by residence. As is always the case, most corporate filers represented in this report have their headquarters in Iowa. During 1978, 82.51 percent of all returns were resident returns, while the remaining 17.49 percent were nonresident. Also, the nonresident returns paid 52.56 percent of the tax, even though they represented over only 17 percent of total filers.

ANALYSIS OF TOTAL RETURNS

During the calendar year 1978, a grand total of 36,553 corporation income tax returns were filed. This is an increase of 8.90 percent over the number of returns which were filed during calendar year 1977. These corporations submitted a total tax of $100.5 million during calendar year 1978, for an 8.21 percent increase over 1977, marking the first time that corporation income tax receipts have exceeded $100 million.

Table A displays the change in returns filed by type of return. Pay returns showed an increase of 6.18 percent to 16,991 returns. No-pay returns showed an increase of 16.32 percent, to 12,045 returns, and Subchapter S returns showed a 4.28 percent increase in number of filers to a total of 7,515 returns.

TABLE A
Number of Returns by Payment Status

Type of Return	No. of Returns	% of Total
Pay	16,991	46.48%
No-Pay	12,045	32.95%
Subchapter S	7,517	20.57%
TOTAL	36,553	100.00%

Returns and Tax by Business Class

Tables 1 and 4 of the Statistical Appendix display total returns by business class and by taxable income bracket respectively. For 1978, the system of classifying corporations into various business classes was improved over the method used in previous years. For this reason, 1978 data by business class is not precisely comparable to data by business class for previous years. However, even though some reclassification did take place, the relative size of various classes remained approximately the same. Manufacturing was still by far the largest category of taxpayers, with 36.46 percent of all computed tax. Utilities was again the second largest taxpaying class. However, for 1978, utilities were combined with transportation, and as such, comprised 21.69 percent of the tax paid. Retailers were third in percentage with 12.77 percent of the tax paid, and wholesalers fourth with 10.41 percent of tax paid.

The mix of corporations according to the number of returns filed by class was much different. In this case, retailers filed the most pay returns, with 18.80 percent. Finance had the next largest amount with 15.56 percent, services was third with 15.47 percent, and wholesalers fourth with 12.45 percent of returns. While manufacturers ranked first in the amount of tax paid, they ranked only fifth in number of returns filed. For utilities and transportation, the contrast was even greater;

having paid the second largest amount of tax, but ranking eighth out of ten in number of returns filed.

The discrepancy betwen the percent of total returns filed and percent of total tax paid is due to the amount of income of corporations which are filing returns. Manufacturers and utilities are on the average much larger corporations. In contrast, while wholesalers and service companies are usually smaller corporations, there are relatively more of such companies.

TABLE B
Number of Returns and Computed Tax
By Business Class

Business Class	Number of Returns	% of Total	Computed Tax	% of Total
Agriculture	1,584	9.32%	$ 4,134,686.26	4.11%
Mining	81	.48	532,369.54	.53
Construction	1,718	10.12	4,839,202.20	4.81
Manufacturing	1,941	11.42	36,638,564.58	36.46
Utilities & Transportation	865	5.09	21,601,546.58	21.69
Wholesale Trade	2,116	12.45	10,467,735.34	10.41
Retail Trade	3,195	18.80	12,839,247.34	12.77
Finance	2,644	15.56	5,115,138.74	5.09
Services	2,627	15.47	3,808,954.12	3.79
Miscellaneous	220	1.29	332,247.74	.34
TOTAL	16,991	100.00%	$100,509,692.44	100.00%

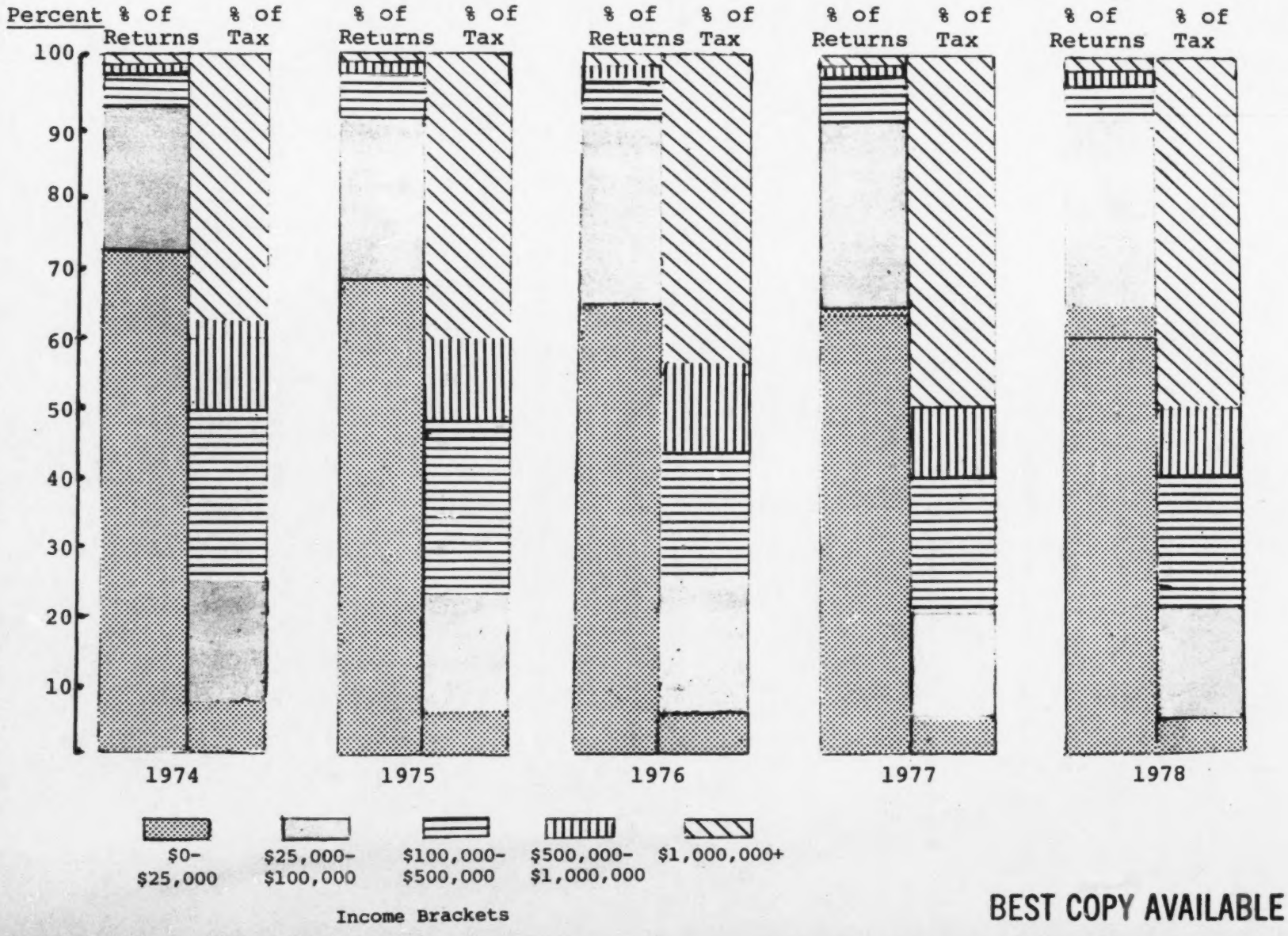
Returns and Tax by Taxable Income Brackets

Chart A on pages 14-15 shows the percentage distribution of returns by income bracket and of computed tax by income bracket for a five year period from 1974 through 1978. Chart A illustrates that the largest percentage of returns are filed

by corporations with a taxable income of less than $25,000. This is true of each year. However, the percentage of returns in this lowest income bracket has declined steadily, while the distribution of returns has shifted upward into the higher income brackets. Despite the fact that the percentage of returns went down in the lower income brackets, the number of returns in all brackets and the total have risen each year, with the exception of the $500,000 to $1,000,000 income bracket, in which the number of returns fell for the year 1978.

Concerning the amount of computed tax by taxable income bracket, the distribution is considerably different than the distribution by the number of returns filed. In this case, the largest amount of tax is remitted by a relatively small number of filers with over a $1,000,000 in taxable income. As occurred with the number of returns, the distribution since 1973 has shifted more heavily toward the higher income brackets.

Table A
Percentage Distribution of Returns and Tax
Corporation Pay Returns Filed in 1974 through 1978



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NUMBER OF RETURNS AND PERCENTAGE DISTRIBUTION OF TAX FOR CORPORATION INCOME TAX RETURNS FILED IN 1974 THROUGH 1978

Taxable Income Bracket	1974 Returns	1974 % Dist.	1975 Returns	1975 % Dist.	1976 Returns	1976 % Dist.	1977 Returns	1977 % Dist.	1978 Returns	1978 % Dist.
$ 0-$ 25,000	9,237	72.07%	9,455	69.01%	9,526	64.89%	10,282	64.25%	10,818	63.67%
$ 25,000-$ 100,000	2,695	21.03%	3,194	23.31%	3,943	26.86%	4,409	27.55%	4,811	28.31%
$ 100,000-$ 500,000	726	5.66%	859	6.27%	986	6.72%	1,050	6.56%	1,098	6.46%
$ 500,000-$1,000,000	89	.69%	105	.77%	132	.89%	136	.85%	132	.78%
$1,000,000 and Over	70	.55%	88	.64%	94	.64%	125	.78%	132	.78%
TOTAL	12,817	100.00%	13,701	100.00%	14,681	100.00%	16,002	100.00%	16,991	100.00%

COMPUTED TAX AND PERCENTAGE DISTRIBUTION OF TAX FOR CORPORATION INCOME TAX RETURNS FILED IN 1974 THROUGH 1978
TAX IN $1,000's

Taxable Income Bracket	1974 Tax	1974 % Dist.	1975 Tax	1975 % Dist.	1976 Tax	1976 % Dist.	1977 Tax	1977 % Dist.	1978 Tax	1978 % Dist.
$ 0-$ 25,000	$ 4,450	8.56%	$ 4,628	7.40%	$ 4,399	5.79%	$ 4,768	5.13%	$ 5,365	5.34%
$ 25,000-$ 100,000	8,853	17.02%	10,627	16.99%	13,124	17.26%	14,331	15.43%	15,637	15.56%
$ 100,000-$ 500,000	12,657	24.33%	15,402	24.62%	16,867	22.18%	17,879	19.25%	19,381	19.28%
$ 500,000-$1,000,000	5,999	11.53%	7,176	11.47%	9,071	11.92%	9,318	10.03%	8,738	8.69%
$1,000,000 and Over	20,061	38.56%	24,723	39.52%	32,581	42.85%	46,589	50.16%	51,390	51.13%
TOTAL	$52,020	100.00%	$62,554	100.00%	$76,043	100.00%	$92,885	100.00%	$100,510	100.00%

ANALYSIS BY APPORTIONMENT

A major criteria for differentiation between corporations concerns whether they apportion or do not apportion their income for purposes of paying Iowa income tax. A corporation apportions its income according to the percentage of its sales which took place in Iowa for the year in question, and pays tax on the same percentage of income as Iowa sales represent to total sales. This differs substantially from the practice followed in most states, where the amount of property and payroll located in the state are also considered as factors in apportioning income.

The following analysis is divided into separate sections for corporations that apportion their income and for those that do not apportion income.

Apportioning Returns

For returns filed during calendar year 1978, 4,108 corporations that had a tax liability apportioned their income. This represents 24.18 percent of the 16,991 total returns which were filed having a tax liability. Even though these filers represent less than one-quarter of the total, they had a tax liability of $71.7 million, representing 71.33 percent of the total tax liability for corporations. As an indication of the size of these companies, they paid a total of $13.6 billion in federal income tax, and had total net income for federal purposes

before net operating loss adjustment of $45.1 billion. In comparison, the total Iowa taxable income, after net operating loss adjustment and application of the apportionment formula, is $760 million.

Analysis by Taxable Income Brackets

As Table C below illustrates, the distribution of returns for apportioning corporations is weighted toward the lower brackets, while the distribution of tax is weighted toward the upper brackets. As shown, less than 2 percent of the tax is paid by over 50 percent of the filers, which are in the lowest bracket, while less than 3 percent of the filers from the highest bracket pay over two-thirds of the tax.

TABLE C
Total Apportioning Pay Returns and Tax
By Taxable Income

Taxable Income Bracket	Number of Returns	% of Returns	Computed Tax	% of Tax
$ 0-$ 25,000	2,204	53.65%	$ 865,445.02	1.36%
$ 25,000-$ 100,000	1,065	25.93%	3,759,473.68	5.24%
$100,000-$ 500,000	610	14.85%	11,802,707.90	16.46%
$500,000-$1,000,000	111	2.70%	7,219,617.40	10.08%
$1,000,000 +	118	2.87%	47,937,816.80	66.86%
TOTAL	4,108	100.00%	$71,695,060.80	100.00%

Because apportioning corporations are on the average larger than all corporations as a group, the distribution of returns and tax are different for their subgroup of corporations. Table D below illustrates that the distribution both of returns and of tax are weighted more heavily to the upper brackets than are the same percentages for total returns.

TABLE D
Comparative Percent of Returns and Tax
By Income Bracket
for Total Returns and Apportioning Returns

Taxable Income Brackets	Returns		Computed Tax	
	Apportioning	Total	Apportioning	Total
$ 0-$ 25,000	53.65%	63.66%	1.36%	5.34%
$ 25,000-$ 100,000	25.93%	28.32%	5.24%	15.56%
$100,000-$ 500,000	14.85%	6.46%	16.46%	19.28%
$500,000-$1,000,000	2.70%	.78%	10.08%	8.69%
$1,000,000 +	2.87%	.78%	66.86%	51.23%
TOTAL	100.00%	100.00%	100.00%	100.00%

Analysis by Business Class

Apportioning corporations are concentrated in two major classes, according to computed tax due as is shown in Table E on the next page and in Table 9 of the Statistical Appendix. Manufacturers paid $33.5 million in tax, or 46.74 percent of the total paid by apportioning corporations. Utilities and transportation companies paid $18.5 million in tax, or 25.81 percent of the total. The wholesale and retail trade classes each had nearly 9 percent of the total tax paid, but no other category had more than three percent.

The distribution according to the number of pay returns filed differs substantially from the distribution by tax paid. Manufacturers again had the largest percentage with 30.53 percent, but utilities ranked only sixth in number of filers with 7.86 percent, while four other categories had more than ten percent of the total filers.

TABLE E
Total Apportioning Pay Returns and Tax
By Business Class

Business Class	Number of Returns	% Dist.	Computed Tax	% Dist.
Agriculture	80	1.95%	$ 1,623,092.66	2.26%
Mining	28	.68%	282,921.76	.39%
Construction	491	11.95%	1,894,101.22	2.64%
Manufacturing	1,254	30.53%	33,508,309.50	46.74%
Utilities	323	7.86%	18,506,865.32	25.81%
Wholesale Trade	720	17.53%	6,288,382.52	8.77%
Retail Trade	484	11.78%	6,358,343.38	8.87%
Finance	245	5.96%	1,713,531.94	2.39%
Services	449	10.93%	1,387,057.38	1.93%
Miscellaneous	34	.83%	132,455.12	.18%
TOTAL	4,108	100.00%	$71,695,060.80	100.00%

Analysis of Residency

One of the most important criteria for analyzing apportioning corporations is by their residency. Tables 10 and 13 of the Statistical Appendix show that nonresident apportioning corporations numbered 2,557 or 62.24 percent of apportioning returns, and paid $51.2 million in tax, or 71.41 of the total tax for apportioning corporations, and 50.94 percent of all tax due. Thus, over half of all the corporation income tax was paid by corporations whose headquarters are not in Iowa.

Tables 11 and 14 of the Statistical Appendix show that 1,551 resident apportioning corporations paid the remaining $20.5 million in tax paid by apportioning corporations. These corporations represent the corporations that have Iowa headquarters, but also do business in other states. These corporations paid over one-fifth of all the corporation income tax due in 1978.

Nonapportioning Returns

Non-apportioning corporations are those corporations which conduct all their sales within the state of Iowa. On the average, nonapportioning corporations report a smaller average tax than apportioning corporations, $2,237 compared to an average tax liability of $17,453 for apportioning corporations. In addition, nonapportioning corporations are much greater in number, comprising 75.82 percent of the total pay returns filed.

Analysis by Taxable Income

Table F below shows that nonapportioning corporations are concentrated in number largely in the lower income brackets, with two-thirds of the corporations having taxable income of less than $25,000. In addition, more than half of the tax liability is concentrated in the income brackets under $100,000. This is not characteristic of the apportioning corporations, and displays a great domination by small corporations, with the relative absence of large firms.

TABLE F
Total Nonapportioning Pay Returns and Tax
By Taxable Income

Taxable Income Bracket	Number of Returns	% Dist.	Computed Tax	% Dist.
$ 0-$ 25,000	8,614	66.86%	$ 4,389,264.42	15.23%
$ 25,000-$ 100,000	3,746	29.08%	11,877,631.92	41.22%
$100,000-$ 500,000	488	3.79%	7,578,026.70	26.30%
$500,000-$1,000,000	21	.16%	1,517,974.80	5.27%
$1,000,000 +	14	.11%	3,451,733.80	11.98%
TOTAL	12,883	100.00%	$28,814,631.64	100.00%

Analysis of Business Class

The pattern of distribution among business classes by amount of tax paid is remarkably even, with all categories on Table G claiming between 8 percent and 14 percent of the tax paid, with the exception of retail trade, which claimed over 22 percent of the tax paid, and mining, which has less than 1 percent. Such a broad distribution reflects the fact that these firms do all their business in Iowa, and therefore represents the whole spectrum of business activity.

There is much more variance in the percentage distribution of the number of returns filed by class. In this case, the retail, finance and service classes have the major share of firms. This is an indication that the businesses in the classes where more returns are filed generally are smaller in size, since the amount of tax owed by all the various classes is quite uniform.

TABLE G
Total Nonapportioning Pay Returns and Tax
By Business Class

Business Class	Number of Returns	% Dist.	Computed Tax	% Dist.
Agriculture	1,504	11.67%	$ 2,511,593.60	8.72%
Mining	53	.41%	249,447.78	.87%
Construction	1,227	9.52%	2,945,100.98	10.22%
Manufacturing	687	5.33%	3,130,255.08	10.86%
Utilities	542	4.21%	3,294,681.26	11.43%
Wholesale Trade	1,396	10.84%	4,179,352.82	14.90%
Retail Trade	2,711	21.04%	6,480,903.96	22.49%
Finance	2,399	18.62%	3,401,606.80	11.81%
Services	2,178	16.92%	2,421,896.74	8.41%
Miscellaneous	186	1.44%	199,792.62	.69%
TOTAL	12,883	100.00%	$28,814,631.64	100.00%

ANALYSIS BY RESIDENCY

The majority of corporations that file tax returns with the Department of Revenue have their headquarters within the state of Iowa. In fact, of the 16,991 total pay returns filed, 14,020 or 82.51 percent are resident returns. However, these corporations paid only $47.7 million in tax or 47.44 percent of the tax liability. On the other hand, nonresidents paid the remaining $52.8 million, even though they comprised only 17.49 percent of total returns. As a result, resident corporations have a much smaller average tax paid, $3,401, compared to $17,782 for nonresident corporations.

Analysis by Taxable Income

It is always the case that the predominance of returns appear in the lowest income brackets, while a very small percentage of returns are in the uppermost income bracket. This is the trend for both resident and nonresident returns. However, this trend is much more evident for resident returns where the lowest bracket has 64.69 percent of returns, and the highest two brackets have .26 percent of returns, as shown in Table H on page 25. In contrast, among nonresident returns 58.84 percent are in the $0-$25,000 income bracket, while 3.23 percent of returns were in the $1,000,000 income bracket.

Payment of tax is generally concentrated in higher income brackets. This is evident among the nonresident corporations, where 68.23 percent of returns are from the $1,000,000

plus income bracket, and only 1.34 percent of the tax is derived from firms which have less than $25,000 income. For resident corporations, the tax liability is distributed throughout the income range much more evenly. While 32.18 percent of the tax was from the highest category, 37.79 percent of the tax was paid by corporations having income of less than $100,000 a year.

Analysis by Business Class

Resident and nonresident returns display different patterns of filing by business class. In this report, Table I on page 25 displays this relationship. The category showing the most radical difference is manufacturing, where only 8.32 percent of residents were from this category, but 26.05 percent of nonresidents were manufacturers. Agriculture quite naturally had a larger percent of resident filers, 10.58 percent compared to 3.37 percent for nonresident. While many of the percentages are similar for other categories, it should be remembered that there are a much larger number of resident corporations even though the percentages may be similar.

Concerning tax amounts, nonresident corporations are heavily biased toward manufacturing and utilities and transportation, which respectively constitute 53.96 percent and 20.27 percent of the total tax burden for nonresidents. Retail trade had 9.20 percent of the total tax, wholesale trade had 8.05 percent, but no other category of business had as much as 3 percent of the total tax.

For resident corporations, the payment of tax was more evenly distributed. The same four classes mentioned in the previous paragraph held the major share of the tax burden, as was true with nonresidents. However, for nonresidents these four classes comprised 91.48 percent of the burden, while for residents those four classes held 70.09 percent of the total tax liability. Also, agriculture, finance, construction, and services classes all paid more than 5 percent of total taxes for resident corporations.

Analysis By County

The portion of the corporate income tax that is allocated to residents is also displayed by county on Table 15 of the Statistical Appendix. Corporations are classified by the county in which their headquarters or primary place of business are located, and all their business is assumed to derive from that county, for purposes of that table. In reality, their business transactions probably encompass a larger number of counties. This makes Table 15 only an approximate indicator of tax liability reported in each county.

Among the various counties, tax liability was generally a reflection of population density. Consistent with this idea, Polk County had the greatest level of corporate activity with 12.77 percent of all returns filed, and 10.96 percent of all tax paid. Linn County was second with 5.71 percent of returns and 4.89 percent of tax paid. Scott County was third with 5.53 percent of returns and 4.15 percent of tax paid.

TABLE H
COMPARISON OF RETURNS AND TAX
BY TAXABLE INCOME
FOR RESIDENT AND NONRESIDENT RETURNS

Taxable Income Brackets	RETURNS				TAX			
	Resident		Nonresident		Resident		Nonresident	
	Number	% Dist.	Number	% Dist.	Amount	% Dist.	Amount	% Dist.
$ 0-$ 25,000	9,070	64.69%	1,748	58.84%	$ 4,654,773.06	9.76%	$ 709,936.38	1.34%
$ 25,000-$ 100,000	4,187	29.86%	624	21.00%	13,366,850.32	28.03%	2,270,255.28	4.30%
$100,000-$ 500,000	678	4.84%	420	14.14%	11,059,697.90	23.20%	8,321,036.70	15.75%
$500,000-$1,000,000	49	.35%	83	2.79%	3,256,195.40	6.83%	5,481,436.80	10.38%
$1,000,000 and Over	36	.26%	96	3.23%	15,342,701.60	32.18%	36,046,849.00	68.23%
TOTAL	14,020	100.00%	2,971	100.00%	$47,680,178.28	100.00%	$52,829,514.16	100.00%

TABLE I
COMPARISON OF RETURNS AND TAX
BY BUSINESS CLASS
FOR RESIDENT AND NONRESIDENT RETURNS

Business Class	RETURNS				TAX			
	Resident		Nonresident		Resident		Nonresident	
	Number	% Dist.	Number	% Dist.	Number	% Dist.	Number	% Dist.
Agriculture	1,484	10.58%	100	3.37%	$ 3,729,699.98	7.82%	$ 405,030.68	.77%
Mining	62	.44%	19	.64%	327,678.92	.69%	204,690.62	.39%
Construction	1,343	9.58%	375	12.62%	3,842,240.68	8.06%	996,961.52	1.89%
Manufacturing	1,167	8.32%	774	26.05%	8,131,326.58	17.05%	28,507,238.00	53.96%
Utilities and Transportation	620	4.42%	245	8.25%	11,094,220.60	23.27%	10,707,325.98	20.27%
Wholesale Trade	1,724	12.30%	392	13.19%	6,217,126.10	13.04%	4,250,609.24	8.05%
Retail Trade	2,825	20.15%	370	12.45%	7,975,173.52	16.73%	4,864,073.82	9.20%
Finance	2,371	16.92%	273	9.19%	3,682,938.48	7.72%	1,432,200.26	2.71%
Services	2,234	15.93%	393	13.23%	2,454,366.40	5.15%	1,354,587.72	2.56%
Miscellaneous	190	1.36%	30	1.01%	225,451.42	.47%	106,796.32	.20%
TOTAL	14,020	100.00%	2,971	100.00%	$47,680,178.28	100.00%	$52,829,514.16	100.00%

IOWA FRANCHISE TAX

SUMMARY OF IOWA FRANCHISE TAX LAW

A franchise tax measured by net income is imposed by the state of Iowa on financial institutions for the privilege of doing business in the state. A financial institution is defined as a state bank, a national banking association having its principal office within this state, a trust company, a federally chartered savings and loan association, a financial institution chartered by the federal home loan bank board, a production credit association, or a savings and loan association incorporated or authorized to do business under Iowa law.

Taxable Income

These organizations must pay a franchise tax on their net income the same as computed for Iowa corporate income tax (see page 5) purposes adjusted as follows:

1. Interest and dividends from foreign securities and state and other political subdivisions which are exempt from federal income tax are not subtracted.

2. Interest and dividends on securities from Iowa and its political subdivisions are not added.

3. The amount of Iowa tax deducted in computing federal net income is not added.

Tax Rates

The income computed as above is subject to the following tax rates:

Taxable Income	Tax Rate
First $ 25,000	5%
Next $ 50,000	6%
Next $ 25,000	7%
Over $100,000	8%

Allocation of Revenue

Franchise tax net receipts act as both a state and a local revenue source. On a quarterly basis, 55 percent of franchise tax receipts are deposited in the state general fund. The remaining 45 percent of the receipts are distributed back to the cities and counties in which the financial institutions are located. For any given financial institution, 60 percent of the remaining 45 percent of its annual tax is distributed to the general fund of the city in which it is located and 40 percent is distributed to the general fund of the county in which it is located. For financial institutions with branch outlets, the amount of tax given back to the cities and counties in which the branches are located is based upon the percent of total business generated by that particular branch compared to the total business of the financial institution.

ANALYSIS OF FRANCHISE TAX RETURNS RECEIVED

During calendar year 1978, a total of 754 franchise tax returns were received by the Department. This is a decrease of 23 returns from the previous year, due mainly to a fluctuation in

filing patterns of existing institutions. Of the returns received in 1978, 734 had a total taxable income of $142.1 million, a rise of 6.87 percent over that reported on returns received in 1977. Computed tax also rose from $9.4 million in 1977 to $10.1 million in 1978, an increase of 7.97 percent. Table J below shows the distribution of pay returns and computed tax by income brackets. As expected, the majority of tax is paid by a minority of filers in the higher income brackets. Filers with taxable income over $500,000 represented 7.22 percent of all filers, but paid 39.49 percent of the tax. At the same time, filers with under $150,000 taxable income represented 61.18 percent of all filers, but paid only 18.41 percent of the total tax. Table 16 of the Statistical Appendix shows more complete data on these financial institutions.

TABLE J
Number of Franchise Tax Returns and Computed Tax
By Taxable Income Brackets

Taxable Income Bracket	Number of Returns	Percent Dist.	Computed Tax	Percent Dist.
$ 0-$ 25,000	48	6.53%	$ 31,637.40	0.32%
$ 25,001-$ 50,000	98	13.36%	198,641.50	1.96%
$ 50,001-$ 75,000	126	17.17%	446,261.22	4.40%
$ 75,001-$ 100,000	71	9.67%	356,846.44	3.51%
$100,001-$ 150,000	106	14.45%	813,835.68	8.22%
$150,001-$ 200,000	76	10.35%	902,007.52	8.89%
$200,001-$ 250,000	55	7.49%	817,128.72	8.65%
$250,001-$ 500,000	101	13.77%	2,491,033.04	24.57%
$500,001-$ 750,000	23	3.13%	1,003,285.28	9.89%
$750,001-$1,000,000	17	2.31%	1,141,974.64	11.26%
$1,000,001 and Over	13	1.77%	1,859,481.68	18.33%
	734	100.00%	$10,142,133.12	100.00%

Also notable is the fact that the income subject to tax in Iowa is much greater than the federal taxable income. The 734 financial institutions with taxable income reported federal taxable income of $114.0 million for an average of $155,352, while they reported Iowa taxable income of $142.1 million, for an average of $193,543, which is 24.58 percent larger than federal taxable income. The Iowa tax base is larger because the income from foreign, state and local securities that are exempt from federal tax are taxable for state purposes, with the exception of securities from the state of Iowa or its political subdivisions.

Distribution of Franchise Tax on a Quarterly Basis

As was explained in the previous section on the summary of tax law, franchise tax receipts are distributed on a quarterly basis. Based on this distribution formula, during calendar 1978, $5,630,667.10 was allocated to the state general fund, $2,738,690.06 was allocated to the various city general funds, and $1,848,879.06 was distributed to the various county general funds. The total money distributed during the year was $10,218,236.22. This figure varies somewhat from the computed tax figure quoted previously in the report. Net payments reflect the amount of money actually received by the Department during the year. Thus, refunds owed to taxpayers and additional payments due may not be reflected in the net payments figure for the year, causing this total to be at variance with the computed tax due.

STATISTICAL APPENDIX

TOTAL

TABLE 1

TOTAL CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	1,584	$ 159,264,761	$ 27,390,444	$ 132,786,844	$ 53,641,050	$ 4,134,686.26
Mining	81	446,386,987	66,608,838	380,385,149	6,467,038	532,369.54
Construction	1,718	421,017,559	60,418,706	351,640,763	62,345,561	4,839,202.20
Manufacturing	1,941	34,692,218,087	5,164,816,739	28,973,576,227	389,585,398	36,638,564.58
Utilities and Transportation	865	2,915,128,593	308,493,579	2,592,087,056	226,249,101	21,801,546.58
Wholesale Trade	2,116	1,823,913,171	346,831,707	1,475,382,557	126,987,809	10,467,735.34
Retail Trade	3,195	2,583,610,163	516,820,625	2,070,232,927	154,982,439	12,839,247.34
Finance	2,644	1,277,000,441	188,087,856	1,053,549,093	66,821,001	5,115,138.74
Services	2,627	1,139,711,501	162,942,113	976,255,283	52,473,281	3,808,954.12
Miscellaneous	220	79,370,751	13,091,725	66,076,301	4,520,490	332,247.74
TOTAL PAY:	16,991	$45,537,622,014	$6,855,502,332	$38,071,992,200	$1,144,073,168	$100,509,692.44
No-Pay:	12,045					
Subchapter S:	7,517					
GRAND TOTAL:	36,553					

TABLE 2

RESIDENT CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	1,484	$ 104,254,012	$ 18,427,361	$ 88,108,361	$ 48,950,643	$ 3,729,655.58
Mining	62	6,355,025	1,036,308	5,651,190	4,131,606	327,678.92
Construction	1,343	72,077,601	8,770,228	60,625,904	50,265,953	3,842,240.68
Manufacturing	1,167	522,210,078	100,425,880	420,780,534	93,209,889	8,131,326.58
Utilities and Transportation	620	150,788,724	13,897,960	145,749,306	116,695,104	11,094,220.60
Wholesale Trade	1,724	110,311,751	15,793,874	97,910,173	80,921,393	6,217,126.10
Retail Trade	2,825	123,130,104	18,014,626	108,925,433	102,376,346	7,975,173.52
Finance	2,371	81,643,240	9,455,870	72,742,359	50,437,910	3,682,938.48
Services	2,234	51,010,964	5,413,743	44,291,803	36,293,895	2,454,366.40
Miscellaneous	190	4,694,154	597,331	3,958,730	3,211,740	225,451.42
TOTAL PAY	14,020	$ 1,226,475,653	$ 191,833,181	$1,048,743,793	$ 586,494,479	$ 47,680,178.28
No-Pay:	9,110					
Subchapter S:	7,222					
GRAND TOTAL:	30,352					

TOTAL

TOTAL

TABLE 3

NONRESIDENT CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	100	$ 55,010,749	$ 8,963,083	$ 44,678,483	$ 4,690,407	$ 405,030.68
Mining	19	440,031,962	65,572,530	374,733,959	2,335,432	204,690.62
Construction	375	348,939,958	51,648,478	291,014,859	12,079,608	996,961.52
Manufacturing	774	34,170,008,009	5,064,390,859	28,552,795,693	296,375,509	28,507,238.00
Utilities and Transportation	245	2,764,339,869	294,595,619	2,446,337,750	109,553,997	10,707,325.98
Wholesale Trade	392	1,713,601,420	331,037,833	1,377,472,384	46,066,416	4,250,609.24
Retail Trade	370	2,460,480,059	498,805,999	1,961,327,494	52,606,093	4,864,073.82
Finance	273	1,195,357,201	178,631,986	980,806,734	16,383,091	1,432,200.26
Services	393	1,088,700,537	157,528,370	931,963,480	16,179,386	1,354,587.72
Miscellaneous	30	74,676,597	12,494,394	62,117,571	1,308,750	106,796.32
TOTAL PAY:	2,971	$44,311,146,361	$6,663,669,151	$37,023,248,407	$ 557,578,689	$ 52,829,514.16
No-Pay:	2,935					
Subchapter S:	295					
GRAND TOTAL:	6,201					

TABLE 4

TOTAL CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	10,818	$ 1,473,674,101	$ 249,869,112	$ 1,199,124,283	$ 89,411,824	$ 5,364,709.44
$ 25,001-$ 50,000	3,236	993,082,973	142,140,864	845,250,176	119,227,232	7,920,178.56
$ 50,001-$ 75,000	1,110	935,999,341	123,550,784	809,165,362	66,288,345	4,748,067.60
$ 75,001-$ 100,000	465	619,708,831	98,177,029	522,702,667	40,016,993	2,968,859.44
$ 100,001-$ 150,000	474	1,880,621,330	323,815,599	1,523,002,206	58,204,987	4,635,498.70
$ 150,001-$ 200,000	226	1,405,726,850	239,208,261	1,167,522,722	39,127,096	3,347,709.60
$ 200,001-$ 250,000	116	895,220,664	138,829,531	752,916,271	25,880,456	2,298,045.60
$ 250,001-$ 300,000	89	2,029,139,160	239,120,902	1,762,998,212	24,413,184	2,218,818.40
$ 300,001-$ 400,000	124	4,278,551,977	478,666,080	3,664,614,856	42,520,360	3,942,036.00
$ 400,001-$ 500,000	69	1,677,406,301	210,131,531	1,459,625,701	31,111,263	2,938,626.30
$ 500,001-$ 750,000	89	2,972,133,622	478,670,038	2,469,634,422	53,754,821	5,152,982.10
$ 750,001-$1,000,000	43	1,945,303,950	299,446,412	1,643,446,927	36,921,101	3,584,610.10
$1,000,001-$2,000,000	68	4,811,526,069	730,622,420	4,034,709,075	92,886,605	9,118,660.50
$ Over-$2,000,000	64	19,619,526,845	3,103,253,769	16,217,279,320	424,308,901	42,270,890.10
TOTAL PAY:	16,991	$45,537,622,014	$ 6,855,502,332	$38,071,992,200	$ 1,144,073,168	$100,509,692.44
No-Pay:	12,045					
Subchapter S:	7,517					
GRAND TOTAL:	36,553					

TOTAL

TOTAL

TABLE 5

RESIDENT CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	9,070	$ 134,707,022	$ 14,053,501	$ 114,329,335	$ 77,579,551	$ 4,654,773.06
$ 25,001-$ 50,000	2,883	146,112,011	14,468,867	131,781,126	106,411,601	7,071,428.08
$ 50,001-$ 75,000	951	82,534,783	10,220,258	72,478,761	56,443,901	4,040,012.08
$ 75,001-$ 100,000	353	47,489,900	7,276,300	41,222,249	30,398,877	2,255,410.16
$ 100,001-$ 150,000	334	116,381,277	22,846,024	94,778,782	41,034,701	3,268,470.10
$ 150,001-$ 200,000	144	73,368,381	14,280,369	60,732,077	24,916,332	2,131,633.20
$ 200,001-$ 250,000	72	28,160,172	5,321,429	23,702,810	16,019,687	1,421,958.70
$ 250,001-$ 300,000	36	26,341,897	4,933,579	20,241,096	9,755,412	885,541.20
$ 300,001-$ 400,000	53	82,052,175	17,344,878	64,796,108	18,274,555	1,694,955.50
$ 400,001-$ 500,000	39	84,471,836	16,114,330	69,203,938	17,546,292	1,657,129.20
$ 500,001-$ 750,000	35	90,650,999	12,621,747	79,479,894	21,659,987	2,078,498.70
$ 750,001-$1,000,000	14	39,470,493	8,863,347	31,499,980	12,126,567	1,177,656.70
$1,000,001-$2,000,000	19	54,630,163	9,887,216	46,534,048	23,639,183	2,316,418.30
Over-$2,000,000	17	220,104,544	33,601,336	197,963,589	130,687,833	13,026,283.30
TOTAL PAY:	14,020	$ 1,226,475,653	$ 191,833,181	$ 1,048,743,793	$ 586,494,479	$ 47,680,178.28
No-Pay:	9,110					
Subchapter S:	7,222					
GRAND TOTAL:	30,352					

TABLE 6

NONRESIDENT CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	1,748	$ 1,338,967,079	$ 235,815,611	$ 1,084,794,948	$ 11,832,273	$ 709,936.38
$ 25,001-$ 50,000	353	846,970,962	127,671,997	713,469,050	12,815,631	848,750.48
$ 50,001-$ 75,000	159	853,464,558	113,330,526	736,686,601	9,844,444	708,055.52
$ 75,001-$ 100,000	112	572,218,931	90,900,729	481,480,418	9,618,116	713,449.28
$ 100,001-$ 150,000	140	1,764,240,053	300,969,575	1,428,223,424	17,170,286	1,367,028.60
$ 150,001-$ 200,000	82	1,332,358,469	224,927,892	1,106,790,645	14,210,764	1,216,076.40
$ 200,001-$ 250,000	44	867,060,492	133,508,102	729,213,461	9,860,769	876,076.90
$ 250,001-$ 300,000	53	2,002,797,263	234,187,323	1,742,757,116	14,657,772	1,333,277.20
$ 300,001-$ 400,000	71	4,196,499,802	461,321,202	3,599,818,748	24,245,805	2,247,080.50
$ 400,001-$ 500,000	30	1,592,934,465	194,017,201	1,390,421,763	13,564,971	1,281,497.10
$ 500,001-$ 750,000	54	2,881,482,623	466,048,291	2,390,154,528	32,094,834	3,074,483.40
$ 750,001-$1,000,000	29	1,905,833,457	290,583,065	1,611,946,947	24,794,534	2,406,953.40
$1,000,001-$2,000,000	49	4,756,895,906	720,735,204	3,988,175,027	69,247,422	6,802,242.20
Over-$2,000,000	47	19,399,422,301	3,069,652,433	16,019,315,731	293,621,068	29,244,606.80
TOTAL PAY:	2,971	$ 44,311,146,361	$6,663,669,151	$37,023,248,407	$ 557,578,689	$ 52,829,514.16
No-Pay:	2,935					
Subchapter S:	295					
GRAND TOTAL:	6,201					

TOTAL

NONAPPORTIONING

TABLE 7

TOTAL NONAPPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	1,504	$ 38,624,824	$ 3,159,135	$ 36,790,792	$ 36,692,400	$ 2,511,593.60
Mining	53	3,559,277	485,772	3,311,894	3,182,999	249,447.78
Construction	1,227	50,117,671	4,831,977	41,988,610	39,598,741	2,945,100.98
Manufacturing	687	44,683,873	6,452,198	39,189,717	37,860,954	3,130,255.08
Utilities and Transportation	542	38,399,796	3,354,963	37,748,591	37,836,214	3,294,681.26
Wholesale Trade	1,396	60,960,203	7,350,859	55,856,982	56,367,100	4,179,352.82
Retail Trade	2,711	96,704,160	13,242,596	86,036,840	86,035,218	6,480,903.96
Finance	2,399	54,220,262	6,550,132	47,738,661	47,535,178	3,401,606.80
Services	2,178	42,432,738	4,174,808	37,454,057	35,550,978	2,421,896.74
Miscellaneous	186	3,511,260	381,349	2,929,877	2,929,877	199,792.62
TOTAL PAY:	12,883	$ 433,214,064	$ 49,983,789	$ 389,046,021	$ 383,589,659	$ 28,814,631.64
No-Pay:	12,045					
Subchapter S:	7,517					
GRAND TOTAL:	32,445					

TABLE 8

TOTAL NONAPPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	8,614	$ 90,612,031	$ 7,174,004	$ 77,753,506	$ 73,154,407	$ 4,389,264.42
$ 25,001-$ 50,000	2,614	104,529,042	8,333,827	97,782,828	96,744,913	6,432,593.04
$ 50,001-$ 75,000	833	54,030,177	5,168,334	49,633,350	49,353,008	3,531,740.64
$ 75,001-$ 100,000	299	28,493,997	3,717,567	25,846,582	25,784,978	1,913,298.24
$ 100,001-$ 150,000	257	36,065,988	5,489,491	31,684,993	31,684,993	2,525,999.30
$ 150,001-$ 200,000	107	20,354,059	3,520,177	17,955,160	18,477,758	1,580,275.80
$ 200,001-$ 250,000	48	12,044,523	2,116,276	10,687,105	10,687,105	948,710.50
$ 250,001-$ 300,000	21	6,469,708	1,166,204	5,621,452	5,621,452	509,645.20
$ 300,001-$ 400,000	32	13,764,739	2,286,575	11,166,759	11,166,759	1,036,675.90
$ 400,001-$ 500,000	23	11,964,327	2,270,313	10,342,200	10,342,200	976,720.00
$ 500,001-$ 750,000	12	8,778,196	1,672,998	7,563,541	7,563,541	726,354.10
$ 750,001-$1,000,000	9	9,495,800	2,043,423	8,141,207	8,141,207	791,620.70
$1,000,001-$2,000,000	10	13,914,305	2,590,675	12,274,851	12,274,851	1,202,485.10
$ Over-$2,000,000	4	22,697,172	2,433,925	22,592,487	22,592,487	2,249,248.70
TOTAL PAY:	12,883	$ 433,214,064	$ 49,983,789	$ 389,046,021	$ 383,589,659	$ 28,814,631.64
No-Pay:	12,045					
Subchapter S:	7,517					
GRAND TOTAL:	32,445					

NONAPPORTIONING

TABLE 9

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
Agriculture	80	$ 120,639,937	$ 24,231,309	$ 95,996,052	$ 5,999,561
Mining	28	442,827,710	66,123,066	377,073,255	89,650,692
Construction	491	370,899,888	55,586,729	309,652,153	91,291,930
Manufacturing	1,254	34,647,534,214	5,158,364,541	28,934,386,510	5,716,156,296
Utilities and Transportation	323	2,876,728,797	305,138,616	2,554,338,465	166,570,653
Wholesale Trade	720	1,762,952,968	339,480,848	1,419,525,575	202,352,372
Retail Trade	484	2,486,906,003	503,578,029	1,984,216,087	71,035,055
Finance	245	1,222,780,179	181,537,724	1,005,810,432	130,571,164
Services	449	1,097,278,763	158,767,305	938,801,226	137,567,156
Miscellaneous	34	75,859,491	12,710,376	63,146,424	21,881,664
TOTAL PAY:	4,108	$45,104,407,950	$ 6,805,518,543	$37,682,946,179	$6,633,076,543
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,108				

TABLE 9 (Cont.)

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
Agriculture	80	$ 43,820	$ 16,931,282	$ 16,948,650	$ 1,623,092.66
Mining	28	(25,111)	3,527,277	3,284,039	282,921.76
Construction	491	(119,727)	23,662,451	22,746,820	1,894,101.22
Manufacturing	1,254	4,470,809	348,731,896	351,724,444	33,508,309.50
Utilities and Transportation	323	(978,820)	189,533,396	188,412,887	18,506,865.32
Wholesale Trade	720	1,073,040	70,228,410	70,620,709	6,288,382.52
Retail Trade	484	1,385,811	68,774,779	68,947,221	6,358,343.38
Finance	245	1,091,740	18,629,812	19,285,823	1,713,531.94
Services	449	438,777	16,945,530	16,922,303	1,387,057.38
Miscellaneous	34	106,821	1,483,792	1,590,613	132,455.12
TOTAL PAY:	4,108	$ 7,487,160	$ 758,448,625	$ 760,483,509	$ 71,695,060.80
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,108				

APPORTIONING

TABLE 10

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
Agriculture	36	$ 66,670,207	$ 15,409,121	$ 52,345,639	$ 33,421
Mining	11	2,847,843	555,356	2,392,497	(20,392)
Construction	143	26,387,954	4,454,655	21,484,342	(167,086)
Manufacturing	507	480,774,128	94,439,861	384,117,856	5,792,844
Utilities and Transportation	101	114,098,967	10,721,475	109,488,923	(1,376,932)
Wholesale Trade	346	49,577,681	8,519,469	42,237,126	1,284,852
Retail Trade	204	34,596,231	6,253,943	29,930,316	1,426,603
Finance	82	33,002,998	3,645,129	29,969,006	1,791,087
Services	110	12,563,458	1,808,280	10,410,060	95,735
Miscellaneous	11	1,441,115	221,524	1,192,471	335
TOTAL PAY:	1,551	$ 821,960,582	$ 146,028,813	$ 683,568,236	$ 8,860,467
No Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,551				

TABLE 10 (Cont.)

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
Agriculture	36	$ 13,719	$ 13,279,911	$ 13,281,829	$ 1,288,592.16
Mining	11	(20,392)	1,022,200	1,001,808	81,841.62
Construction	143	(188,611)	11,504,378	11,140,440	930,999.94
Manufacturing	507	3,272,809	53,545,889	56,606,077	5,097,725.98
Utilities and Transportation	101	(1,421,078)	81,883,797	80,434,721	7,931,050.64
Wholesale Trade	346	1,039,353	24,360,083	25,260,826	2,092,288.26
Retail Trade	204	1,336,227	22,159,249	23,382,851	2,093,638.76
Finance	82	1,000,108	7,106,132	7,815,157	690,869.18
Services	110	67,459	3,531,120	3,440,566	254,046.86
Miscellaneous	11	335	445,146	445,481	37,060.04
TOTAL PAY:	1,551	$ 5,099,929	$ 218,837,905	$ 222,809,756	$ 20,498,113.44
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,551				

TABLE 11

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
Agriculture	44	$ 53,969,730	$ 8,822,188	$ 43,650,413	$ 5,966,140
Mining	17	439,979,867	65,567,710	374,680,758	89,671,084
Construction	348	344,511,934	51,132,074	288,167,811	91,459,016
Manufacturing	747	34,166,760,086	5,063,924,680	28,550,268,654	5,710,363,452
Utilities and Transportation	222	2,762,629,830	294,417,141	2,444,849,542	167,947,585
Wholesale Trade	374	1,713,375,287	330,961,379	1,377,288,449	201,067,520
Retail Trade	280	2,452,309,772	497,324,086	1,954,285,771	69,608,452
Finance	163	1,189,777,181	177,892,595	975,841,426	128,780,077
Services	339	1,084,715,305	156,959,025	928,391,166	137,471,421
Miscellaneous	23	74,418,376	12,488,852	61,953,953	21,881,329
TOTAL PAY:	2,557	$44,282,447,368	$ 6,659,489,730	$36,999,377,943	$6,624,216,076
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,557				

TABLE 11 (Cont.)

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
Agriculture	44	$ 30,101	$ 3,651,371	$ 3,666,821	$ 734,500.50
Mining	17	(4,719)	2,505,077	2,282,231	201,080.14
Construction	348	68,884	12,158,073	11,606,380	963,101.28
Manufacturing	747	1,198,000	295,186,007	295,118,367	28,410,583.52
Utilities and Transportation	222	442,258	107,649,599	107,978,166	10,575,814.68
Wholesale Trade	374	33,687	45,868,327	45,359,883	4,196,094.26
Retail Trade	280	49,584	46,615,530	45,564,370	4,264,704.62
Finance	163	91,632	11,523,680	11,470,666	1,022,662.76
Services	339	371,318	13,414,410	13,481,737	1,133,010.52
Miscellaneous	23	106,486	1,038,646	1,145,132	95,395.08
TOTAL PAY:	2,557	$ 2,387,231	$ 539,610,720	$ 537,673,753	$ 51,196,947.36
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,557				

TABLE 12

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
$ 0-$ 25,000	2,204	$ 1,383,062,070	$ 242,695,108	$ 1,121,370,777	$ 353,773,795
$ 25,001-$ 50,000	622	888,553,931	133,807,037	747,467,348	108,677,152
$ 50,001-$ 75,000	277	881,969,164	118,382,450	759,532,012	188,580,255
$ 75,001-$ 100,000	166	591,214,834	94,459,462	496,856,085	105,065,287
$ 100,001-$ 150,000	217	1,844,555,342	318,326,108	1,491,317,213	430,166,851
$ 150,001-$ 200,000	119	1,385,372,791	235,688,084	1,149,567,562	93,996,944
$ 200,001-$ 250,000	68	883,176,141	136,713,255	742,229,166	64,139,832
$ 250,001-$ 300,000	68	2,022,669,452	237,954,698	1,757,376,760	487,284,159
$ 300,001-$ 400,000	92	4,264,787,238	476,379,505	3,653,448,097	956,187,679
$ 400,001-$ 500,000	46	1,665,441,974	207,861,218	1,449,283,501	678,634,568
$ 500,001-$ 750,000	77	2,963,355,426	476,997,040	2,462,070,881	437,275,678
$ 750,001-$1,000,000	34	1,935,808,150	297,402,989	1,635,305,720	198,160,398
$1,000,001-$2,000,000	58	4,797,611,764	728,031,745	4,022,434,224	704,564,783
Over-$2,000,000	60	19,596,829,673	3,100,819,844	16,194,686,833	1,826,569,162
TOTAL PAY:	4,108	$ 45,104,407,950	$ 6,805,518,543	$37,682,946,179	$ 6,633,076,543
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,108				

TABLE 12 (Cont.)

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
$ 0-$ 25,000	2,204	$ 217,365	$ 17,141,821	$ 16,257,417	$ 975,445.02
$ 25,001-$ 50,000	622	940,299	22,355,137	22,482,319	1,487,585.52
$ 50,001-$ 75,000	277	667,584	16,801,128	16,935,337	1,216,326.96
$ 75,001-$ 100,000	166	39,322	14,221,112	14,232,015	1,055,561.20
$ 100,001-$ 150,000	217	311,647	26,275,585	26,519,994	2,109,499.40
$ 150,001-$ 200,000	119	541,891	20,401,590	20,649,338	1,767,433.80
$ 200,001-$ 250,000	68	(64,687)	15,259,776	15,193,351	1,349,335.10
$ 250,001-$ 300,000	68	420,625	18,593,029	18,791,732	1,709,173.20
$ 300,001-$ 400,000	92	256,618	31,176,466	31,353,601	2,905,360.10
$ 400,001-$ 500,000	46	282,576	20,514,383	20,769,063	1,961,906.30
$ 500,001-$ 750,000	77	1,128,771	45,843,012	46,191,280	4,426,628.00
$ 750,001-$1,000,000	34	1,558,275	27,223,139	28,779,894	2,792,989.40
$1,000,001-$2,000,000	58	1,278,534	80,834,373	80,611,754	7,916,175.40
Over-$2,000,000	60	(91,660)	401,808,074	401,716,414	40,021,641.40
TOTAL PAY:	4,108	$ 7,487,160	$ 758,448,625	$ 760,483,509	$ 71,695,060.80
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,108				

TABLE 13

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
$ 0-$ 25,000	719	$ 51,667,624	$ 7,884,088	$ 41,872,588	$ 273,946
$ 25,001-$ 50,000	333	45,475,127	6,672,221	37,329,272	351,401
$ 50,001-$ 75,000	143	30,649,328	5,368,736	24,700,785	607,515
$ 75,001-$ 100,000	69	20,405,915	3,767,305	16,675,137	886,324
$ 100,001-$ 150,000	95	82,965,828	17,646,697	65,242,839	275,051
$ 150,001-$ 200,000	46	54,384,004	11,109,306	43,903,740	65,743
$ 200,001-$ 250,000	29	17,276,951	3,329,546	14,130,522	(3,983)
$ 250,001-$ 300,000	20	21,438,010	4,006,192	15,982,752	462,176
$ 300,001-$ 400,000	25	69,761,501	15,278,691	54,995,976	335,972
$ 400,001-$ 500,000	17	72,981,474	13,898,023	59,321,697	283,276
$ 500,001-$ 750,000	24	82,382,040	10,986,570	72,441,528	2,919,372
$ 750,001-$1,000,000	7	32,035,069	7,309,025	25,090,463	1,268,653
$1,000,001-$2,000,000	11	43,130,339	7,605,002	36,509,835	1,320,153
Over-$2,000,000	13	197,407,372	31,167,411	175,371,102	(185,132)
TOTAL PAY:	1,551	$ 821,960,582	$ 146,028,813	$ 683,568,236	$ 8,860,467
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,551				

TABLE 13 (Cont.)

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
$ 0-$ 25,000	719	$ 96,423	$ 6,953,047	$ 6,552,033	$ 393,121.98
$ 25,001-$ 50,000	333	270,835	11,835,649	11,959,747	790,279.76
$ 50,001-$ 75,000	143	607,869	8,241,346	8,665,926	621,774.08
$ 75,001-$ 100,000	69	(19,788)	5,937,274	5,913,369	438,569.52
$ 100,001-$ 150,000	95	259,242	11,268,082	11,498,758	912,375.80
$ 150,001-$ 200,000	46	64,700	8,023,888	8,087,995	693,799.50
$ 200,001-$ 250,000	29	(65,894)	6,513,293	6,447,399	572,239.90
$ 250,001-$ 300,000	20	278,646	5,218,422	5,497,068	499,706.80
$ 300,001-$ 400,000	25	127,105	8,347,318	8,474,423	784,942.30
$ 400,001-$ 500,000	17	273,396	7,390,655	7,664,051	723,905.10
$ 500,001-$ 750,000	24	1,125,859	13,761,581	14,621,621	1,402,162.10
$ 750,001-$1,000,000	7	1,150,898	4,567,672	5,717,050	554,205.00
$1,000,001-$2,000,000	11	1,126,989	12,487,981	13,614,970	1,333,997.00
Over-$2,000,000	13	(196,351)	108,291,697	108,095,346	10,777,034.60
TOTAL PAY:	1,551	$ 5,099,929	$ 218,837,905	$222,809,756	$ 20,498,113.44
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,551				

TABLE 14

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Brackets	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
$ 0-$ 25,000	1,485	$ 1,331,394,446	$ 234,811,020	$ 1,079,498,189	$ 353,499,849
$ 25,001-$ 50,000	289	843,078,804	127,134,816	710,138,076	108,325,751
$ 50,001-$ 75,000	134	851,319,836	113,013,714	734,831,227	187,972,740
$ 75,001-$ 100,000	97	570,808,919	90,692,157	480,180,948	104,178,963
$ 100,001-$ 150,000	122	1,761,589,514	300,679,411	1,426,074,374	429,891,800
$ 150,001-$ 200,000	73	1,330,988,787	224,578,778	1,105,663,822	93,931,201
$ 200,001-$ 250,000	39	865,899,190	133,383,709	728,098,644	64,143,815
$ 250,001-$ 300,000	48	2,001,231,442	233,948,506	1,741,394,008	486,821,983
$ 300,001-$ 400,000	67	4,195,025,737	461,100,814	3,598,452,121	955,851,707
$ 400,001-$ 500,000	29	1,592,460,500	193,963,195	1,389,961,804	678,351,292
$ 500,001-$ 750,000	53	2,880,973,386	466,010,470	2,389,629,353	434,356,306
$ 750,001-$1,000,000	27	1,903,773,081	290,093,964	1,610,215,257	196,891,745
$1,000,001-$2,000,000	47	4,754,481,425	720,426,743	3,985,924,389	703,244,630
Over-$2,000,000	47	19,399,422,301	3,069,652,433	16,019,315,731	1,826,754,294
TOTAL PAY:	2,557	$ 44,282,447,368	$6,659,489,730	$36,999,377,943	$ 6,624,216,076
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,557				

TABLE 14 (Cont.)

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Brackets	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
$ 0-$ 25,000	1,485	$ 120,942	$ 10,188,774	$ 9,705,384	$ 582,323.04
$ 25,001-$ 50,000	289	669,464	10,519,488	10,522,572	697,305.76
$ 50,001-$ 75,000	134	59,715	8,559,782	8,269,411	594,552.88
$ 75,001-$ 100,000	97	59,110	8,283,838	8,318,646	616,991.68
$ 100,001-$ 150,000	122	52,405	15,007,503	15,021,236	1,197,123.60
$ 150,001-$ 200,000	73	477,191	12,377,702	12,561,343	1,073,634.30
$ 200,001-$ 250,000	39	1,207	8,746,483	8,745,952	777,095.20
$ 250,001-$ 300,000	48	141,979	13,374,607	13,294,664	1,209,466.40
$ 300,001-$ 400,000	67	129,513	22,829,148	22,879,178	2,120,417.80
$ 400,001-$ 500,000	89	9,180	13,123,728	13,105,012	1,238,001.20
$ 500,001-$ 750,000	53	2,912	32,081,431	31,569,659	3,024,465.90
$ 750,001-$1,000,000	27	407,377	22,655,467	23,062,844	2,238,784.40
$1,000,001-$2,000,000	47	151,545	68,346,392	66,996,784	6,582,178.40
Over-$2,000,000	47	104,691	293,516,377	293,621,068	29,244,606.80
TOTAL PAY:	2,557	$ 2,387,231	$ 539,610,720	$537,673,753	$ 51,196,947.36
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,557				

TABLE 15

TOTAL CORPORATION PAY RETURNS AND TAX
BY COUNTY

County	No. of Pay Returns	% of Total	State Tax	% of Total	County	No. of Pay Returns	% of Total	State Tax	% of Total
Adair	42	.25%	$ 58,556.48	.06%	Cherokee	59	.35%	$ 130,657.32	.13
Adams	14	.08	23,317.50	.02	Chickasaw	53	.31	80,998.84	.08
Allamakee	54	.32	56,085.10	.06	Clarke	26	.15	20,831.28	.02
Appanoose	34	.20	1,104,405.70	1.10	Clay	108	.64	210,055.18	.21
Audubon	28	.16	38,970.62	.04	Clayton	116	.68	177,652.94	.18
Benton	81	.48	174,228.28	.17	Clinton	232	1.37	464,668.20	.46
Black Hawk	719	4.23	2,167,047.88	2.16	Crawford	65	.38	114,281.56	.11
Boone	109	.64	438,249.02	.44	Dallas	124	.73	168,910.52	.17
Bremer	119	.70	249,018.96	.25	Davis	17	.10	12,846.14	.01
Buchanan	86	.51	141,194.14	.14	Decatur	19	.11	36,174.48	.04
Buena Vista	93	.55	214,686.14	.21	Delaware	64	.38	125,910.92	.13
Butler	67	.39	174,751.36	.17	Des Moines	249	1.47	534,247.66	.53
Calhoun	46	.27	109,576.42	.11	Dickinson	70	.41	98,783.36	.10
Carroll	96	.57	417,258.16	.42	Dubuque	438	2.58	2,473,652.74	2.46
Cass	96	.57	150,844.86	.15	Emmet	74	.44	135,147.34	.13
Cedar	104	.61	183,625.52	.18	Fayette	126	.74	199,491.56	.20
Cerro Gordo	340	2.00	841,545.20	.84	Floyd	89	.52	193,302.66	.19

TABLE 15 (Cont.)

TOTAL CORPORATION PAY RETURNS AND TAX
BY COUNTY

County	No. of Pay Returns	% of Total	State Tax	% of Total	County	No. of Pay Returns	% of Total	State Tax	% of Total
Franklin	75	.44%	$ 201,421.40	.20%	Johnson	361	2.12%	$ 726,740.90	.72%
Fremont	36	.21	57,965.20	.06	Jones	73	.43	130,142.64	.13
Greene	56	.33	137,416.56	.14	Keokuk	46	.27	70,680.52	.07
Grundy	98	.58	165,872.40	.17	Kossuth	81	.48	247,977.02	.25
Guthrie	48	.28	50,154.98	.05	Lee	136	.80	300,004.56	.30
Hamilton	79	.46	354,990.14	.35	Linn	970	5.71	4,912,871.20	4.89
Hancock	53	.31	119,949.28	.12	Louisa	53	.31	88,640.24	.09
Hardin	130	.77	247,601.30	.25	Lucas	35	.21	728,254.12	.72
Harrison	43	.25	79,356.82	.08	Lyon	39	.23	52,680.10	.05
Henry	139	.82	206,206.32	.21	Madison	38	.22	69,249.98	.07
Howard	35	.21	47,933.44	.05	Mahaska	101	.59	230,999.22	.23
Humboldt	69	.41	134,817.18	.13	Marion	127	.75	365,005.54	.36
Ida	44	.26	132,867.34	.13	Marshall	229	1.35	546,372.94	.54
Iowa	65	.38	262,807.30	.26	Mills	27	.16	37,592.50	.04
Jackson	78	.46	85,944.32	.09	Mitchell	36	.21	89,311.50	.09
Jasper	147	.87	312,401.10	.31	Monona	50	.29	86,544.08	.09
Jefferson	64	.38	154,751.06	.15	Monroe	21	.12	42,573.66	.04

TABLE 15 (Cont.)

TOTAL CORPORATION PAY RETURNS AND TAX
BY COUNTY

County	No. of Pay Returns	% of Total	State Tax	% of Total	County	No. of Pay Returns	% of Total	State Tax	% of Total
Montgomery	59	.35%	$ 123,407.14	.12%	Tama	123	.72%	$ 170,233.56	.17%
Muscatine	186	1.09	568,089.26	.57	Taylor	23	.14	22,848.60	.02
O'Brien	76	.45	96,806.02	.10	Union	52	.31	112,491.32	.11
Osceola	31	.18	82,794.30	.08	Van Buren	16	.09	19,855.66	.02
Page	74	.44	180,600.12	.18	Wapello	128	.75	254,099.76	.25
Palo Alto	66	.39	115,085.00	.11	Warren	70	.41	139,944.12	.14
Plymouth	114	.67	206,221.18	.21	Washington	160	.94	332,767.40	.33
Pocahontas	78	.46	190,576.22	.19	Wayne	29	.17	46,476.32	.05
Polk	2,170	12.77	11,014,176.20	10.96	Webster	240	1.41	548,416.34	.55
Pottawattamie	255	1.50	540,015.36	.54	Winnebago	53	.31	110,825.88	.11
Poweshiek	83	.49	530,780.78	.53	Winneshiek	76	.45	130,434.92	.13
Ringgold	18	.11	11,122.54	.01	Woodbury	471	2.77	3,297,062.60	3.28
Sac	91	.54	154,677.20	.15	Worth	30	.18	52,430.60	.05
Scott	939	5.53	4,168,735.88	4.15	Wright	96	.57	228,017.24	.23
Shelby	101	.59	147,064.84	.15	Nonresident	2,971	17.49	52,829,514.16	52.56
Sioux	95	.56	299,261.60	.30	GRAND TOTAL	16,991	100.00%	$100,509,692.44	100.00%
Story	278	1.64	585,789.42	.58					

TABLE 16

TOTAL FRANCHISE TAX PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Brackets	Pay Returns	Federal Taxable Income	Plus Int. & Div. Subject to Iowa Tax	Less 50% of Federal Tax	Income Subject to Tax	State Tax
$ 0-$ 25,000	48	$ 433,068	$ 358,474	$ 74,922	$ 632,748	$ 31,637.40
$ 25,001-$ 50,000	98	3,654,000	676,910	549,955	3,719,025	198,641.50
$ 50,001-$ 75,000	126	7,207,653	2,022,839	1,233,000	7,962,687	446,261.22
$ 75,001-$ 100,000	71	5,413,090	1,558,013	813,164	6,112,092	356,846.44
$ 100,001-$ 150,000	106	11,133,656	4,061,306	2,025,387	13,072,946	833,835.68
$ 150,001-$ 200,000	76	10,885,020	4,469,691	2,088,728	13,175,094	902,007.52
$ 200,001-$ 250,000	55	9,438,636	4,713,417	1,753,521	12,339,109	877,128.72
$ 250,001-$ 500,000	101	26,695,907	12,543,695	5,468,008	33,662,913	2,491,033.04
$ 500,001-$ 750,000	23	8,980,362	5,924,152	1,693,008	13,116,066	1,003,285.28
$ 750,001-$1,000,000	17	11,517,034	7,409,681	1,753,892	14,699,683	1,141,974.64
Over-$1,000,000	13	18,671,977	8,885,247	3,923,858	23,568,521	1,859,481.68
SUB TOTAL:	734	$114,028,403	$52,623,425	$ 21,377,443	$142,060,884	$10,142,133.12
No-Pay:	20					
GRAND TOTAL:	754					

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Iowa Corporation Income and Franchise Tax Report

Returns Filed in 1979

15-002
CPD-35028 7/80

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Compiled by
STATE OF IOWA
DEPARTMENT OF REVENUE
Research & Statistics Division
HOOVER STATE OFFICE BUILDING
DES MOINES, IOWA
50319

TABLE OF CONTENTS

	Page
INTRODUCTION	1
IOWA CORPORATION INCOME TAX	3
Summary of Corporation Income Tax Law	4
Explanation of Terminology	6
Income Tax Abatements	7
Summary of 1979 Returns	8
Analysis of Total Returns	9
Analysis By Apportionment	14
Analysis By Residency	21
IOWA FRANCHISE TAX	27
Summary of Iowa Franchise Tax Law	28
Analysis of Franchise Tax Returns Received	30
STATISTICAL APPENDIX	
Analysis of Corporation Income Tax Returns	
Table 1: Total Corporation Returns by Business Class	34
Table 2: Resident Corporation Returns by Business Class	35
Table 3: Nonresident Corporation Returns by Business Class	36
Table 4: Total Corporation Returns by Taxable Income	37
Table 5: Resident Corporation Returns by Taxable Income	38
Table 6: Nonresident Corporation Returns by Taxable Income	39
Table 7: Total Nonapportioning Corporation Returns by Business Class	40
Table 8: Total Nonapportioning Corporation Returns by Taxable Income	41

		Page
Table 9:	Total Apportioning Corporation Returns by Business Class	42
Table 10:	Resident Apportioning Corporation Returns by Business Class	44
Table 11:	Nonresident Apportioning Corporation Returns by Business Class	46
Table 12:	Total Apportioning Corporation Returns by Taxable Income	48
Table 13:	Resident Apportioning Corporation Returns by Taxable Income	50
Table 14:	Nonresident Apportioning Corporation Returns by Taxable Income	52
Table 15:	Total Corporation Returns by County	54

Analysis of Franchise Tax

Table 16:	Total Franchise Tax Returns	57

INTRODUCTION

The 1979 report on corporation income and franchise tax consists of two major sections. The corporation income tax section contains a summary of corporate income tax law, information on tax abatements granted by the Director of Revenue, an analysis of data, and a statistical appendix of fifteen tables. Data is analyzed from the pay returns received during calendar 1979 from which tax was due. These returns are classified according to apportioning and nonapportioning corporations as well as by resident and nonresident status, and analyzed by income group, by a revised system of business classes and by county. The franchise tax section is an analysis of the tax based upon income paid by financial institutions in Iowa. This section includes a summary of the franchise tax law, an analysis by taxable income brackets of pay returns received during calendar 1979, and an examination of the distribution of franchise tax receipts to the state general fund and to the general funds of the cities and counties in which the financial institutions are located.

IOWA CORPORATION

INCOME TAX

SUMMARY OF CORPORATION INCOME TAX LAW

A corporate income tax is imposed annually upon each corporation organized under the laws of this state and upon every foreign corporation doing business in this state, except certain organizations exempted from the tax under Section 422.34, Code of Iowa, such as financial institutions, insurance companies, and non-profit organizations. If a corporation conducts all of its business or trade within the state, the tax is imposed upon its entire net income. If the corporation conducts its business partly within and partly without the state, the tax is imposed only on that portion of its net income attributable to the state.

Allocation and Apportionment of Income

Net income subject to taxation in Iowa is determined as follows:

1. Interest, dividends, rents and royalties received in connection with business in the state, shall be allocated to the state, and where received in connection with business outside the state, shall be allocated outside of the state.

2. The net income from the manufacture or sale of tangible personal property is apportioned to Iowa by the ratio of gross sales from goods delivered or shipped to a purchaser within the state regardless of F.O.B. point or other

conditions of the sale, excluding deliveries for transportation out of the state, to the total gross sales of the corporation. Net business income from sources other than the manufacture or sale of tangible personal property is apportioned to Iowa by the ratio of the gross receipts within Iowa to the total gross receipts. Certain corporations compute their Iowa gross receipts by applying a secondary ratio, e.g. trackage, mileage, traffic units, to the total gross receipts.

Iowa Taxable Income

Iowa taxable income is defined as net income properly computed for federal income tax purposes:

1. Less interest and dividends from federal securities.

2. Less 50 percent of the federal income taxes paid or accrued during the tax year, adjusted by any federal income tax refunds received.

3. Less any net operating loss deduction computed in the same manner as for federal income tax purposes with certain Iowa adjustments.

4. Plus interest and dividends from foreign securities and from securities of state and other political subdivisions exempt from federal income tax.

5. Plus any Iowa income tax deducted in computing taxable income for federal income tax purposes.

Tax Rates

The resulting Iowa taxable income is subject to the following rates in order to determine tax liability.

Taxable Income	Rate
First $ 25,000	6%
Next $ 75,000	8%
Over $100,000	10%

EXPLANATION OF TERMINOLOGY

Apportioning Corporations - Corporations which do business both within and without the state are taxed by Iowa on only the net income derived from this state. Such a corporation must apportion its business income to determine the portion of income which is subject to Iowa corporate income tax.

Nonapportioning Corporations - Those corporations which do all their business or trade within the state.

Subchapter S Corporations - A Subchapter S corporation is one which elects to have the shareholders report the income and pay any tax due on their individual income tax returns rather than paying under the corporation income tax.

Pay Returns - If a corporation has a tax liability greater than zero, it is classified as a pay return.

Resident and Nonresident Corporations - Residency is determined by the mailing address from which the return was filed,

and refers to the status of being located in the state or out of the state.

Business Class - Data in the report is grouped according to the major business activity indicated by the taxpayer. The data reported in one category may include business activity from another type of activity and therefore, should not be considered as an absolute indicator of business activity by a business class.

INCOME TAX ABATEMENTS

Legislation enacted by the 65th General Assembly gave the Director of Revenue the power "to abate any portion of tax, interest, or penalties which he determines are excessive in amount or erroneously or illegally assessed". The table below summarizes the corporate income tax abatements allowed in calendar 1979.

Corporation Income Tax Abatements
Year Ending December 31, 1979

Reason for Abatements	Number of Returns	Tax	Penalty Interest and Fees	Total Amounts
Taxpayer filed returns not previously filed, or filed amended returns	7	$1,123,158.23	$653,436.67	$1,776,594.90
Taxpayer provided supplemental information which verified amounts claimed on the return	19	$ 219,785.75	$ 42,248.26	$ 262,034.01
Remittance submitted, but not received	6	$ 0	$ 2,023.95	$ 2,023.95
TOTAL	32	$1,342,943.98	$697,708.88	$2,040,652.86

SUMMARY OF 1979 RETURNS AND TAX

During calendar 1979, 38,716 corporation income tax returns were filed with the Department of Revenue. Of this number, 18,235 had a tax liability, 12,265 had no tax liability, and 8,216 corporations were Subchapter S corporations, for which the tax liability is passed on to the corporate shareholders. The 18,235 pay returns had a total tax liability of $114.4 million, for an increase of 13.84 percent over the previous year. As is customary, manufacturers comprised the largest category of corporations, with 37.86 percent of the tax liability. Utilities and transportation companies are the next largest category, with 16.88 percent of the tax liability.

The chart on pages 14-15 shows that the returns and tax have become slightly more concentrated in the middle range of income brackets, from $25,000 to $500,000 in taxable income. The percent of returns in this category has increased from 34.77 percent in 1978 to 37.50 in 1979. The percentage of tax paid for these brackets increased to 35.84 percent from 34.84 percent.

On the other hand, the amount of tax collected from corporations in the $0 - $25,000 brackets fell from 5.34 percent to 4.46 percent, and the percentage of tax collected from corporations in the $1,000,000 and over bracket fell from 51.13 percent to 49.76 percent.

ANALYSIS OF TOTAL RETURNS

During the calendar year 1979, a grand total of 38,716 corporation income tax returns were filed. This is an increase of 5.92 percent over the number of returns which were filed during calendar year 1978. These corporations submitted a total tax of $114.4 million during calendar year 1979, for an increase of 13.84 percent over 1978.

Table A displays the number of returns by payment status. Subchapter S returns showed the largest percentage increase, with a 9.30 percent rise over 1978, while the number of pay returns experienced a 7.32 percent rise.

TABLE A
Number of Returns by Payment Status

Type of Return	No. of Returns 1978	No. of Returns 1979	% Increase
Pay	16,991	18,235	7.32%
No-Pay	12,045	12,265	1.83%
Subchapter S	7,517	8,216	9.30%
TOTAL	36,553	38,716	5.92%

Returns and Tax by Business Class

Table 1 of the Statistical Appendix displays total returns by business class. Information from this table and from 1978 returns is summarized on Table B on the following page. This table reveals that in 1979 as in previous years the category of manufacturers had the largest amount of tax paid, with $43.3 million, while the category of retail trade had the largest number of filers with 3445.

While the total number of pay return filers increased by over 7 percent, the categories of wholesale trade, finance, and utilities and transportation all declined in number of filers. Agricultural corporations had the greatest percentage increase in filers, (excluding miscellaneous) rising 21.40 percent over the number of returns filed in 1978.

In comparison the amount of tax collected rose substantially in all categories, except utilities and transportation. The largest dollar rise in collections was from the category of manufacturers, which experienced a $6.7 million increase in collections, or an 18.23 percent increase. The largest percentage increase was in the mining classification, which rose by 68.83 percent. Agriculture had the next greatest percentage increase, with a 26.74 percent rise in collections over 1978.

TABLE B
Number of Returns and Computed Tax
By Business Class

Business Class	Number of Returns 1978	Number of Returns 1979	% Change	Computed Tax 1978	Computed Tax 1979	% Change
Agriculture	1,584	1,923	21.40%	$ 4,134,686.26	$ 5,240,324.34	26.74%
Mining	81	88	8.64	532,369.54	898,775.06	68.83
Construction	1,718	1,824	6.17	4,839,202.20	5,540,101.30	14.48
Manufacturing	1,941	2,061	6.18	36,638,564.58	43,318,510.78	18.23
Utilities & Transportation	865	838	- 3.12	21,801,546.58	19,313,446.56	-11.41
Wholesale Trade	2,116	1,942	- 8.22	10,467,735.34	12,183,052.94	16.39
Retail Trade	3,195	3,445	7.82	12,839,247.34	14,368,577.24	8.84
Finance	2,644	2,591	- 2.00	5,115,138.74	6,220,337.54	21.61
Services	2,627	2,778	5.75	3,808,954.12	4,488,977.64	17.85
Miscellaneous	220	745	238.64	332,247.74	2,843,726.12	755.91
TOTAL	16,991	18,235	7.32%	$100,509,692.44	$114,415,829.52	13.84%

Returns and Tax by Taxable Income Brackets

As shown on Chart A on the following pages, the largest percentage of returns are filed by corporations with a taxable income of less than $25,000. As in past years, the percentage of total returns under $25,000 has declined, while the proportion of returns in higher brackets has increased. For 1979, the number of returns in each income bracket increased over the number for 1978.

The distribution of tax payment by income bracket is considerably different than the distribution by number of returns filed. However, in 1979, for the first time in recent years, the percentage of tax collected from the $1,000,000 and over income bracket has declined. The decline was from 51.13 percent in 1978 to 49.76 percent in 1979.

TABLE A
PERCENTAGE DISTRIBUTION OF RETURNS AND TAX
CORPORATION PAY RETURNS FILED IN 1975 THROUGH 1979

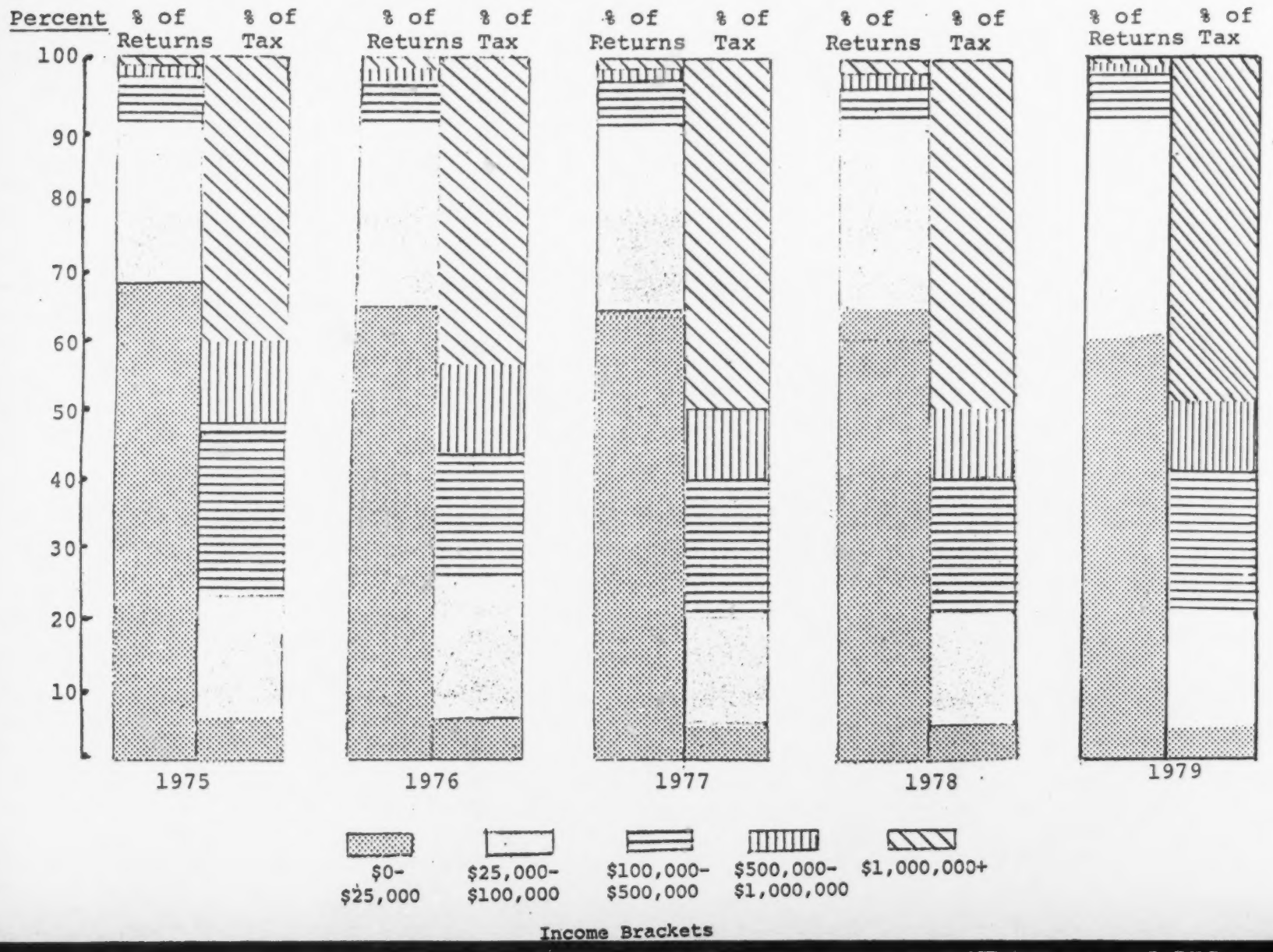

CHART A

NUMBER OF RETURNS AND PERCENTAGE DISTRIBUTION OF TAX
FOR CORPORATION INCOME TAX RETURNS FILED IN 1975 THROUGH 1979

Taxable Income Bracket	1975 Returns	1975 % Dist.	1976 Returns	1976 % Dist.	1977 Returns	1977 % Dist.	1978 Returns	1978 % Dist.	1979 Returns	1979 % Dist.
$ 0-$ 25,000	9,455	69.01%	9,526	64.89%	10,282	64.25%	10,818	63.67%	11,078	60.75%
$ 25,000-$ 100,000	3,194	23.31%	3,943	26.86%	4,409	27.55%	4,811	28.31%	5,572	30.56%
$ 100,000-$ 500,000	859	6.27%	986	6.72%	1,050	6.56%	1,098	6.46%	1,266	6.94%
$ 500,000-$1,000,000	105	.77%	132	.89%	136	.85%	132	.78%	167	.92%
$1,000,000 and Over	88	.64%	94	.64%	125	.78%	132	.78%	152	.83%
TOTAL	13,701	100.00%	14,681	100.00%	16,002	100.00%	16,991	100.00%	18,235	100.00%

COMPUTED TAX AND PERCENTAGE DISTRIBUTION OF TAX
FOR CORPORATION INCOME TAX RETURNS FILED IN 1974 THROUGH 1978
TAX IN $1,000's

Taxable Income Bracket	1975 Tax	1975 % Dist.	1976 Tax	1976 % Dist.	1977 Tax	1977 % Dist.	1978 Tax	1978 % Dist.	1979 Tax	1979 % Dist.
$ 0-$ 25,000	$ 4,628	7.40%	$ 4,399	5.79%	$ 4,768	5.13%	$ 5,365	5.34%	$ 5,104	4.46%
$ 25,000-$ 100,000	10,627	16.99%	13,124	17.26%	14,331	15.43%	15,637	15.56%	18,621	16.27%
$ 100,000-$ 500,000	15,402	24.62%	16,867	22.18%	17,879	19.25%	19,381	19.28%	22,396	19.57%
$ 500,000-$1,000,000	7,176	11.47%	9,071	11.92%	9,318	10.03%	8,738	8.69%	11,366	9.94%
$1,000,000 and Over	24,723	39.52%	32,581	42.85%	46,589	50.16%	51,390	51.13%	56,929	49.76%
TOTAL	$62,554	100.00%	$76,043	100.00%	$92,885	100.00%	$100,510	100.00%	114,416	100.00%

ANALYSIS BY APPORTIONMENT

A major criteria for differentiation between corporations concerns whether they apportion or do not apportion their income for purposes of paying Iowa income tax. A corporation apportions its income according to the percentage of its sales which took place in Iowa for the year in question, and pays tax on the same percentage of income as Iowa sales represent to total sales. This differs substantially from the practice followed in most states, where the amount of property and payroll located in the state are also considered as factors in apportioning income.

The following analysis is divided into separate sections for corporations that apportion their income and for those that do not apportion income.

Apportioning Returns

For returns filed during calendar year 1979, 4,323 corporations that had a tax liability apportioned their income. This represents 23.71 percent of the 18,235 total returns which were filed having a tax liability, down slightly from 24.18 percent in 1978. Even though these filers represent less than one-quarter of the total, they had a tax liability of $78.4 million, representing 68.50 percent of the total tax liability for corporations. As an indication of the size of these companies, they paid a total of $19.9 billion in federal income tax, and had total net income for federal purposes before net operating

loss adjustment of $55.8 billion. In comparison, the total Iowa taxable income, after net operating loss adjustment and application of the apportionment formula, is $828.2 million.

Analysis by Taxable Income Brackets

As Table C below illustrates, the distribution of returns for apportioning corporations is weighted toward the lower brackets while the distribution of tax is heavily weighted toward the upper brackets. As shown, less than 1 percent of the tax is paid by over 50 percent of the filers, which are in the lowest bracket, while less than 3 percent of the filers from the highest bracket pay nearly two-thirds of the tax.

TABLE C
Total Apportioning Pay Returns and Tax
By Taxable Income

Taxable Income Bracket	Number of Returns	% of Returns	Computed Tax	% of Tax
$ 0-$ 25,000	2,290	52.97%	$ 643,385.82	.82%
$ 25,000-$ 100,000	1,112	25.72%	4,096,682.88	5.22%
$100,000-$ 500,000	655	15.15%	13,099,073.90	16.72%
$500,000-$1,000,000	139	3.22%	9,560,179.70	12.20%
$1,000,000 +	127	2.94%	50,973,675.60	65.04%
TOTAL	4,323	100.00%	$78,372,997.90	100.00%

Because apportioning corporations are on the average larger than all corporations as a group, the distribution of returns and tax are different for their subgroup of corporations. Table D on the next page illustrates that the distribution both of returns and of tax are weighted more heavily to the upper brackets than are the same percentages for total returns.

TABLE D
Comparative Percent of Returns and Tax
By Income Bracket
for Total Returns and Apportioning Returns

Taxable Income Brackets	Returns		Computed Tax	
	Apportioning	Total	Apportioning	Total
$ 0-$ 25,000	52.97%	60.75%	.82%	4.46%
$ 25,000-$ 100,000	25.72%	30.56%	5.22%	16.27%
$100,000-$ 500,000	15.15%	6.94%	16.72%	19.57%
$500,000-$1,000,000	3.22%	.92%	12.20%	9.94%
$1,000,000 +	2.94%	.83%	65.04%	49.76%
TOTAL	100.00%	100.00%	100.00%	100.00%

Analysis by Business Class

Apportioning corporations are concentrated in two major classes, according to computed tax due as is shown in Table E on the next page and in Table 9 of the Statistical Appendix. Manufacturers paid $38.4 million in tax, or 49.02 percent of the total tax paid by apportioning corporations. This is up $4.9 million from the previous year. Utilities and transportation companies paid $15.3 million in tax, or 19.52 percent of the total. This class was down by $3.2 million from 1978. The wholesale and retail trade classes had 10.38 percent and 8.40 percent of the total tax paid respectively, but no other category had more than three percent.

The distribution according to the number of pay returns filed differs substantially from the distribution by tax paid. Manufacturers again had the largest percentage with 29.98 percent, but utilities ranked only sixth in number of filers with 6.78 percent, while four other categories had more than ten percent of the total filers. These categories were construction, wholesale trade, retail trade, and services.

TABLE E
Total Apportioning Pay Returns and Tax
By Business Class

Business Class	Number of Returns	% Dist.	Computed Tax	% Dist.
Agriculture	100	2.31%	$ 1,430,800.40	1.83%
Mining	32	.74%	530,045.06	.68%
Construction	510	11.80%	2,148,462.98	2.74%
Manufacturing	1,296	29.98%	38,421,894.14	49.02%
Utilities	293	6.78%	15,300,079.64	19.52%
Wholesale Trade	691	15.98%	8,132,710.56	10.38%
Retail Trade	497	11.50%	6,584,519.24	8.40%
Finance	247	5.72%	2,229,224.88	2.84%
Services	493	11.40%	1,561,364.90	1.99%
Miscellaneous	164	3.79%	2,033,896.10	2.60%
TOTAL	4,323	100.00%	$78,372,997.90	100.00%

Analysis of Residency

One of the most important criteria for analyzing apportioning corporations is by their residency. Tables 11 and 14 of the Statistical Appendix show that nonresident apportioning corporations numbered 2,689 or 62.20 percent of apportioning returns, and paid $59.4 million in tax, or 75.83 percent of the total tax for apportioning corporations, and 51.94 percent of all tax due. Thus over one half of all the corporation income tax was paid by corporations whose headquarters are not in Iowa.

Tables 10 and 13 of the Statistical Appendix show that 1,634 resident apportioning corporations paid the remaining $18.9 million in tax paid by apportioning corporations. These corporations represent the corporations that have Iowa headquarters, but also do business in other states. These corporations paid over 16.56 percent of all the corporation income tax due in 1979. This percentage is down from over 20 percent in 1978.

Nonapportioning Returns

Nonapportioning corporations are those corporations which conduct all their sales within the state of Iowa. On the average, nonapportioning corporations report a smaller average tax than apportioning corporations, $2,591 compared to an average tax liability of $18,129 for apportioning corporations for 1979. In addition, nonapportioning corporations are much greater in number, comprising 76.29 percent of the total pay returns filed.

Analysis by Taxable Income

Table F on the following page shows that nonapportioning corporations are concentrated in number largely in the lower income brackets, with 63.17 percent of the corporations having taxable income of less than $25,000. This is down from 66.86 percent during the previous year. In addition, more than half of the tax liability is concentrated in the income brackets under $100,000. This is not characteristic of the apportioning corporations, and displays a great domination by small corporations, with the relative absence of large firms. However, the percent of tax owed by corporations in the $1,000,000 and over category has risen from 11.98 percent in 1978 to 16.52 percent in 1979.

TABLE F
Total Nonapportioning Pay Returns and Tax
By Taxable Income

Taxable Income Bracket	Number of Returns	% Dist.	Computed Tax	% Dist.
$ 0-$ 25,000	8,788	63.17%	$ 4,460,949.66	12.38%
$ 25,000-$ 100,000	4,460	32.06%	14,524,599.36	40.30%
$100,000-$ 500,000	611	4.39%	9,296,670.00	25.79%
$500,000-$1,000,000	28	.20%	1,805,872.10	5.01%
$1,000,000 +	25	.18%	5,954,740.50	16.52%
TOTAL	13,912	100.00%	$36,042,831.62	100.00%

Analysis of Business Class

The pattern of distribution among business classes by amount of tax paid is remarkably even, with all categories (excluding miscellaneous) on Table G claiming between 8 percent and 14 percent of the tax paid, with the exception of retail trade, which claimed over 21 percent of the tax paid, and mining, which has 1 percent. Such a broad distribution reflects the fact that these firms do all their business in Iowa, and therefore represents the whole spectrum of business activity. This distribution has shifted somewhat since last year. The share of tax paid by manufacturing is up almost three percent, the wholesale trade percentage is down by over three percent, and the percentage paid by agriculture was up by nearly 2 percent.

There is much more variance in the percentage distribution of the number of returns filed by class. In this case, the retail, finance and service classes comprise the major share of firms. This

is an indication that the businesses in the classes where more returns are filed generally are smaller in size, since the amount of tax owed by all the various classes is quite uniform.

TABLE G
Total Nonapportioning Pay Returns and Tax
By Business Class

Business Class	Number of Returns	% Dist.	Computed Tax	% Dist.
Agriculture	1,823	13.10%	$ 3,809,523.94	10.57%
Mining	56	.40%	368,730.00	1.02%
Construction	1,314	9.45%	3,391,638.32	9.41%
Manufacturing	765	5.50%	4,896,616.64	13.58%
Utilities	545	3.92%	4,013,366.92	11.14%
Wholesale Trade	1,251	8.99%	4,050,342.38	11.24%
Retail Trade	2,948	21.19%	7,784,058.00	21.60%
Finance	2,344	16.85%	3,991,112.66	11.07%
Services	2,285	16.42%	2,927,612.74	8.12%
Miscellaneous	581	4.18%	809,830.02	2.25%
TOTAL	13,912	100.00%	$36,042,831.62	100.00%

ANALYSIS BY RESIDENCY

The majority of corporations that file tax returns with the Department of Revenue have their headquarters within the state of Iowa. In fact, of the 18,235 total pay returns filed, 15,017 or 82.35 percent are resident returns as shown on tables H & I. However, these corporations paid only $50.8 million in tax or 44.41 percent of the tax liability. This percentage is down from 47.44 percent in 1979. In contrast nonresidents paid the remaining $63.6 million, even though they comprised only 17.65 percent of total returns. As a result, resident corporations have a much smaller average tax paid, $3,383, compared to $19,766 for nonresident corporations.

Analysis by Taxable Income

It is always the case that the predominance of returns appear in the lowest income brackets, while a very small percentage of returns are in the uppermost income bracket. This is the trend for both resident and nonresident returns. However, this trend is much more evident for resident returns where the lowest bracket has 61.59 percent of returns, and the highest two brackets have .66 percent of returns, as shown in Table H on page 25. In contrast, among nonresident returns 56.83 percent are in the $0-$25,000 income bracket, while 3.60 percent of returns were in the $1,000,000 income bracket. Since 1978, the only significant change in the distribution by income

bracket is that among residents, about 3 percent of returns have shifted from the 0-$25,000 income bracket to the $25,000-$100,000 income bracket.

Payment of tax is generally concentrated in higher income brackets. This is evident among the nonresident corporations, where 70.01 percent of tax is from the $1,000,000 plus income bracket, and only .47 percent of the tax is derived from firms which have less than $25,000 income. For resident corporations, the tax liability is distributed throughout the income range much more evenly. While 24.39 percent of the tax was from the $1,000,000 and over bracket, 40.72 percent of the tax was paid by corporations having income of less than $100,000 a year. The percentage of tax from the $1,000,000 and over category dropped from 32.18 percent in 1978 to 24.39 percent in 1979.

Analysis by Business Class

Resident and nonresident returns display different patterns of filing by business class. In this report, Table I on page 25 displays this relationship. The category showing the most radical difference is manufacturing, where only 8.44 percent of residents were from this category, but 24.64 percent of nonresidents were manufacturers. Agriculture quite naturally had a larger proportion of resident filers, 12.06 percent compared to 3.48 percent for nonresident. While the proportion of returns in resident and nonresident is very similar for other

business classes, it should be remembered that there are a much larger number of resident corporations than nonresident corporations.

Nonresident

Concerning tax amounts, nonresident corporations are heavily biased toward manufacturing and utilities and transportation, which respectively constitute 52.70 percent and 18.36 percent of the total tax burden for nonresidents. Retail trade had 7.72 percent of the total tax, wholesale trade had 8.96 percent, but no other category of business had as much as 4 percent of the total tax.

Resident

For resident corporations, the payment of tax was more evenly distributed. The same four classes mentioned in the previous paragraph held the major share of the tax burden, as was true with nonresidents. However, for nonresidents these four classes comprised 87.74 percent of the burden, while for residents those four classes held 65.69 percent of the total tax liability. Also, agriculture, finance, construction, and services classes all paid more than 5 percent of total taxes for resident corporations.

Analysis By County

The portion of the corporate income tax that is allocated to residents is also displayed by county on Table 15 of the Sta-

tistical Appendix. Corporations are classified by the county in which their headquarters or primary place of business are located, and all their business is assumed to derive from that county, for purposes of this table. In reality, their business transactions probably encompass a larger number of counties. Consequently Table 15 should be interpreted as an approximate indicator of tax liability reported in each county.

Among the various counties, tax liability was generally a reflection of population density. Consistent with this idea, Polk County had the greatest level of corporate activity with 12.71 percent of all returns filed, and 9.89 percent of all tax paid. Linn County was second with 5.31 percent of returns and 3.34 percent of tax paid. Scott County was third with 5.29 percent of returns and 3.42 percent of tax paid.

TABLE H
COMPARISON OF RETURNS AND TAX
BY TAXABLE INCOME
FOR RESIDENT AND NONRESIDENT RETURNS

Taxable Income Brackets	RETURNS				TAX			
	Resident		Nonresident		Resident		Nonresident	
	Number	% Dist.	Number	% Dist.	Amount	% Dist.	Amount	% Dist.
$ 0-$ 25,000	9,249	61.59%	1,829	56.83%	$ 4,807,872.84	9.46%	$ 296,462.64	.47%
$ 25,000-$ 100,000	4,840	32.23%	732	22.75%	15,882,234.80	31.26%	2,739,047.44	4.31%
$100,000-$ 500,000	829	5.52%	437	13.60%	13,490,837.50	26.55%	8,904,906.40	14.00%
$500,000-$1,000,000	63	.42%	104	3.22%	4,233,467.90	8.34%	7,132,583.90	11.21%
$1,000,000 and Over	36	.24%	116	3.60%	12,393,390.70	24.39%	44,535,025.40	70.01%
TOTAL	15,017	100.00%	3,218	100.00%	$50,807,803.74	100.00%	$63,608,025.78	100.00%

TABLE I
COMPARISON OF RETURNS AND TAX
BY BUSINESS CLASS
FOR RESIDENT AND NONRESIDENT RETURNS

Business Class	RETURNS				TAX			
	Resident		Nonresident		Resident		Nonresident	
	Number	% Dist.	Number	% Dist.	Number	% Dist.	Number	% Dist.
Agriculture	1,811	12.06%	112	3.48%	$ 4,729,462.62	9.31%	$ 510,861.72	.80%
Mining	65	.43%	23	.72%	448,788.44	.88%	449,986.62	.71%
Construction	1,451	9.66%	373	11.59%	4,604,020.90	9.06%	936,080.40	1.47%
Manufacturing	1,268	8.44%	793	24.64%	9,795,921.58	19.28%	33,522,589.20	52.70%
Utilities and Transportation	592	3.94%	246	7.64%	7,634,296.20	15.03%	11,679,150.36	18.36%
Wholesale Trade	1,571	10.46%	371	11.53%	6,484,515.00	12.76%	5,698,537.94	8.96%
Retail Trade	3,035	20.22%	410	12.74%	9,460,887.80	18.62%	4,907,689.44	7.72%
Finance	2,293	15.27%	298	9.26%	3,936,296.30	7.75%	2,284,041.24	3.59%
Services	2,343	15.60%	435	13.52%	2,983,300.94	5.87%	1,505,676.70	2.37%
Miscellaneous	588	3.92%	157	4.88%	730,313.96	1.44%	2,113,412.16	3.32%
TOTAL	15,017	100.00%	3,218	100.00%	$50,807,803.74	100.00%	$63,608,025.78	100.00%

IOWA FRANCHISE TAX

SUMMARY OF THE IOWA FRANCHISE TAX LAW

Introduction

Since 1971, financial institutions have been subject to tax which is measured by their net income and subject to a graduated tax rate. Legislation enacted in 1980 revised the definition of taxable income and replaced the graduated rate structure with a tax rate of 5 percent. These changes were retroactive to tax years beginning on or after January 1, 1980. However, since this report examines returns filed in 1979 the provisions of the prior law are examined in the following sections. Following this explanation, the report presents an analysis of the formula for allocation of franchise tax receipts to local governments where the financial institutions conduct business.

Taxable Institutions

The franchise tax is measured by the amount of net income, and is imposed by the state of Iowa on financial institutions for the privilege of doing business in the state. A financial institution is defined as a state bank or a national banking association having its principal office within this state, a trust company, a federally chartered savings and loan association, a financial institution chartered by the federal home loan bank board, a production credit association, or a savings and loan association incorporated or authorized to do business under Iowa law.

Taxable Income

For tax years beginning prior to January 1, 1980 these organizations must pay a franchise tax on their net income the same as computed for Iowa corporate income tax purposes (see page 5) with the following adjustments.

1. Interest and dividends from foreign securities and state and other political subdivisions which are exempt from federal income tax are not subtracted.

2. Interest and dividends on securities from Iowa and its political subdivisions are not added.

3. The amount of Iowa tax deducted in computing federal net income is not added.

Tax Rates

The taxable income, computed in the previous page, is subject to the following tax rates:

Taxable Income	Tax Rate
First $ 25,000	5%
Next $ 50,000	6%
Next $ 25,000	7%
Over $100,000	8%

Allocation of Revenue

Franchise tax net receipts act as both a state and a local revenue source. On a quarterly basis, 55 percent of franchise tax receipts are deposited in the state general fund. The remaining 45 percent of the receipts are distributed back to the cities and counties in which the financial institutions are located. For any given financial institution, 60 percent of the remaining 45 per-

cent of its annual tax is distributed to the general fund of the city in which it is located and 40 percent is distributed to the general fund of the county in which it is located. For financial institutions with branch locations, the amount of tax distributed to the cities and counties in which the branches are located is based upon the percent of total business generated by that particular branch compared to the total business of the financial institution.

ANALYSIS OF FRANCHISE TAX RETURNS RECEIVED

During calendar year 1979, a total of 767 franchise tax returns were received by the Department of Revenue. This is an increase of 13 returns from the previous year. This difference is believed to be the result of fluctuations in filing patterns of existing institutions. Of the returns received in 1979, 736 had a total taxable income of $164.1 million, a rise of 15.52 percent over that reported on returns received in 1978. Computed tax also rose from $10.1 million in 1978 to $11.9 million in 1979, an increase of 16.99 percent. Table J, on the following page, shows the distribution of pay returns and computed tax by income brackets. As expected, the majority of tax is paid by a minority of filers in the higher income brackets. Filers with taxable income over $250,000 represented 24.85 percent of all filers, but paid 69.45 percent of the tax. At the same time, filers with under $250,000 taxable income represented 75.15 percent of all filers, but paid only 30.55 percent of the total tax. Table 16 of the Statistical Appendix shows more complete data on these financial institutions.

TABLE J
Number of Franchise Tax Returns and Computed Tax
By Taxable Income Brackets

Taxable Income Brackets	Number of Returns	Percent Dist.	Computed Tax	Percent Dist.
$ 0-$ 25,000	34	4.62%	$ 22,219.85	0.19%
$ 25,001-$ 50,000	85	11.55%	169,692.50	1.43%
$ 50,001-$ 75,000	114	15.49%	395,908.86	3.36%
$ 75,001-$ 100,000	90	12.23%	461,004.79	3.89%
$100,001-$ 150,000	93	12.64%	710,084.72	5.97%
$150,001-$ 200,000	78	10.60%	936,256.40	7.89%
$200,001-$ 250,000	59	8.02%	928,732.72	7.82%
$250,001-$ 500,000	111	15.08%	2,901,470.32	24.45%
$500,001-$ 750,000	38	5.16%	1,724,872.80	14.54%
$750,001-$1,000,000	13	1.76%	879,495.52	7.40%
Over-$1,000,000	21	2.85%	2,735,703.44	23.06%
	736	100.00%	$11,865,441.92	100.00%

Also notable is the fact that the income subject to tax in Iowa is much greater than the federal taxable income. The 736 financial institutions with taxable income reported federal taxable income of $137.1 million for an average of $186,302, while they reported Iowa taxable income of $164.1 million, for an average of $222,968 which is 19.68 percent larger than federal taxable income. The difference in the tax base occurs largely because of the inclusion, for state tax purposes, of income from foreign, state and local securities which is exempt from federal tax.

Distribution of Franchise Tax on a Quarterly Basis

As was explained in the previous section on the summary of tax law, franchise tax receipts are distributed on a quarterly basis. Based on this distribution formula, during calendar 1979, $6.5 million was allocated to the state general fund, $3.2 million was

allocated to the various city general funds, and $2.2 million was distributed to the various county general funds. The total money distributed during the year was $11,871,692.84. This figure varies somewhat from the computed tax figure quoted previously in the report. This is due to the fact that receipts are distributed on a net payments basis. Net payments reflect the amount of money actually received by the Department during the year. Thus, refunds owed to taxpayers and additional payments due may not be reflected in the net payments figure for the year, causing this total to be at variance with the computed tax due.

STATISTICAL APPENDIX

TOTAL

TABLE 1

TOTAL CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	1,923	$ 173,406,637	$ 23,460,845	$ 145,780,647	$ 69,735,317	$ 5,240,324.34
Mining	88	887,644,900	142,050,545	741,417,152	10,321,929	898,775.06
Construction	1,824	622,240,762	77,780,400	527,658,424	70,792,331	5,540,101.30
Manufacturing	2,061	42,004,329,740	7,799,620,168	33,596,308,268	456,344,552	43,318,510.78
Utilities and Transportation	838	3,153,456,633	373,828,251	2,765,409,714	201,671,371	19,313,446.56
Wholesale Trade	1,942	2,294,368,825	411,003,525	1,870,220,020	143,510,237	12,183,052.94
Retail Trade	3,445	2,861,068,928	559,719,389	2,296,265,240	174,817,042	14,368,577.24
Finance	2,591	1,464,986,595	211,303,353	1,222,334,647	78,177,779	6,220,337.54
Services	2,778	1,072,986,786	142,233,721	895,740,629	60,799,234	4,488,977.64
Miscellaneous	745	1,811,412,482	282,445,382	1,516,702,673	33,020,612	2,843,726.12
TOTAL PAY:	18,235	$ 56,345,902,288	$10,023,445,579	$45,577,837,414	$1,299,190,404	$114,415,829.52
No-Pay:	12,265					
Subchapter S:	8,216					
GRAND TOTAL:	38,716					

TABLE 2

RESIDENT CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	1,811	$ 111,789,504	$ 15,338,064	$ 96,184,223	$ 63,740,022	$ 4,729,462.62
Mining	65	9,957,000	1,498,746	8,472,717	5,421,043	448,788.44
Construction	1,451	80,322,287	8,397,084	69,012,681	59,927,794	4,604,020.90
Manufacturing	1,268	592,629,035	114,872,916	475,921,025	111,644,452	9,795,921.58
Utilities and Transportation	592	105,946,019	10,626,440	103,348,205	82,131,772	7,634,296.20
Wholesale Trade	1,571	116,569,933	16,092,604	103,336,456	83,040,019	6,484,515.00
Retail Trade	3,035	147,994,244	19,976,112	129,544,507	121,183,935	9,460,887.80
Finance	2,293	69,966,496	8,790,294	63,130,483	52,905,888	3,936,296.30
Services	2,343	58,479,428	5,463,747	50,797,140	42,840,943	2,983,300.94
Miscellaneous	588	13,580,948	1,339,293	11,852,842	10,450,242	730,313.96
TOTAL PAY	15,017	$ 1,307,234,894	$ 202,395,300	$1,111,600,279	$ 633,286,110	$ 50,807,803.74
No-Pay:	9,382					
Subchapter S:	7,883					
GRAND TOTAL:	32,282					

TOTAL

TABLE 3

NONRESIDENT CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	112	$ 61,617,133	$ 8,122,781	$ 49,596,424	$ 5,995,295	$ 510,861.72
Mining	23	877,687,900	140,551,799	732,944,435	4,900,886	449,986.62
Construction	373	541,918,475	69,383,316	458,645,743	10,864,537	936,080.40
Manufacturing	793	41,411,700,705	7,684,747,252	33,120,387,243	344,700,100	33,522,589.20
Utilities and Transportation	246	3,047,510,614	363,201,811	2,662,061,509	119,539,599	11,679,150.36
Wholesale Trade	371	2,177,798,892	394,910,921	1,766,883,564	60,470,218	5,698,537.94
Retail Trade	410	2,713,074,684	539,743,277	2,166,720,733	53,633,107	4,907,689.44
Finance	298	1,395,020,099	202,513,059	1,159,204,164	25,271,891	2,284,041.24
Services	435	1,014,507,358	136,769,974	844,943,489	17,958,291	1,505,676.70
Miscellaneous	157	1,797,831,534	281,106,089	1,504,849,831	22,570,370	2,113,412.16
TOTAL PAY:	3,218	$55,038,667,394	$9,821,050,279	$44,466,237,135	$ 665,904,294	$ 63,608,025.78
No-Pay:	2,883					
Subchapter S:	333					
GRAND TOTAL:	6,434					

TABLE 4

TOTAL CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	11,078	$ 1,772,315,263	$ 287,958,125	$ 1,442,741,506	$ 85,072,258	$ 5,104,335.48
$ 25,001-$ 50,000	3,581	1,091,807,354	181,513,286	893,627,906	132,097,965	8,777,337.20
$ 50,001-$ 75,000	1,377	1,211,376,519	159,746,624	1,000,406,084	82,582,454	5,918,096.32
$ 75,001-$ 100,000	614	1,051,673,751	169,109,495	873,323,205	52,910,609	3,925,848.72
$ 100,001-$ 150,000	510	1,763,112,981	242,754,685	1,517,203,528	61,857,371	4,910,737.10
$ 150,001-$ 200,000	282	1,650,802,767	262,211,067	1,382,597,483	48,472,854	4,142,285.40
$ 200,001-$ 250,000	145	1,049,079,128	166,883,328	890,477,960	32,130,365	2,850,536.50
$ 250,001-$ 300,000	96	1,025,495,735	128,019,380	888,573,249	26,427,907	2,402,790.70
$ 300,001-$ 400,000	161	2,184,669,142	338,632,084	1,843,515,991	55,057,381	5,103,238.10
$ 400,001-$ 500,000	72	3,489,697,948	431,487,353	2,975,350,272	31,661,561	2,986,156.10
$ 500,001-$ 750,000	107	3,685,536,140	610,225,548	3,051,684,317	66,154,668	6,347,966.80
$ 750,001-$1,000,000	60	2,709,215,596	412,825,985	2,264,500,821	51,680,850	5,018,085.00
$1,000,001-$2,000,000	71	6,179,358,046	1,074,038,631	5,080,409,773	95,822,712	9,404,771.20
$ Over-$2,000,000	81	27,481,761,918	5,558,039,988	21,473,425,319	477,261,449	47,523,644.90
TOTAL PAY:	18,235	$56,345,902,288	$10,023,445,579	$45,577,837,414	$ 1,299,190,404	$114,415,829.52
No-Pay:	12,265					
Subchapter S:	8,216					
GRAND TOTAL:	38,716					

TOTAL

TABLE 5

RESIDENT CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	9,249	$ 151,754,199	$ 14,605,652	$ 125,756,347	$ 80,131,214	$ 4,807,872.84
$ 25,001-$ 50,000	3,205	161,657,496	13,662,372	146,664,258	118,694,412	7,893,052.96
$ 50,001-$ 75,000	1,165	102,318,949	11,337,234	90,910,421	69,577,475	4,983,698.00
$ 75,001-$ 100,000	470	63,952,237	8,956,925	54,996,903	40,506,048	3,005,483.84
$ 100,001-$ 150,000	383	68,958,026	10,638,542	59,429,903	46,411,555	3,683,655.50
$ 150,001-$ 200,000	192	52,516,806	9,152,494	44,863,267	32,921,220	2,812,122.00
$ 200,001-$ 250,000	83	30,046,511	5,100,674	25,948,295	18,357,083	1,628,208.30
$ 250,001-$ 300,000	54	26,135,700	4,753,351	22,236,771	14,748,625	1,339,862.50
$ 300,001-$ 400,000	85	133,632,132	25,113,593	107,377,031	28,974,400	2,684,940.00
$ 400,001-$ 500,000	32	40,441,795	7,397,810	33,738,598	14,220,492	1,342,049.20
$ 500,001-$ 750,000	42	118,961,493	23,780,222	95,953,299	26,159,789	2,510,978.90
$ 750,001-$1,000,000	21	52,787,381	9,788,463	43,887,367	17,749,890	1,722,489.00
$1,000,001-$2,000,000	15	104,033,921	23,719,583	82,089,191	18,412,926	1,803,792.60
Over-$2,000,000	21	200,038,248	34,388,385	177,748,628	106,420,981	10,589,598.10
TOTAL PAY:	15,017	$ 1,307,234,894	$ 202,395,300	$ 1,111,600,279	$ 633,286,110	$ 50,807,803.74
No-Pay:	9,382					
Subchapter S:	7,883					
GRAND TOTAL:	32,282					

TABLE 6

NONRESIDENT CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	1,829	$ 1,620,561,064	$ 273,352,473	$ 1,316,985,159	$ 4,941,044	$ 296,462.64
$ 25,001-$ 50,000	376	930,149,858	167,850,914	746,963,648	13,403,553	884,284.24
$ 50,001-$ 75,000	212	1,109,057,570	148,409,390	909,495,663	13,004,979	934,398.32
$ 75,001-$ 100,000	144	987,721,514	160,152,570	818,326,302	12,404,561	920,364.88
$ 100,001-$ 150,000	127	1,694,154,955	232,116,143	1,457,773,625	15,445,816	1,227,081.60
$ 150,001-$ 200,000	90	1,598,285,961	253,058,573	1,337,734,216	15,551,634	1,330,163.40
$ 200,001-$ 250,000	62	1,019,032,617	161,782,654	864,529,665	13,773,282	1,222,328.20
$ 250,001-$ 300,000	42	999,360,035	123,266,029	866,336,478	11,679,282	1,062,928.20
$ 300,001-$ 400,000	76	2,051,037,010	313,518,491	1,736,138,960	26,082,981	2,418,298.10
$ 400,001-$ 500,000	40	3,449,256,153	424,089,543	2,941,611,674	17,441,069	1,644,106.90
$ 500,001-$ 750,000	65	3,566,574,647	586,445,326	2,955,731,018	39,994,879	3,836,987.90
$ 750,001-$1,000,000	39	2,656,428,215	403,037,522	2,220,613,454	33,930,960	3,295,596.00
$1,000,001-$2,000,000	56	6,075,324,125	1,050,319,048	4,998,320,582	77,409,786	7,600,978.60
Over-$2,000,000	60	27,281,723,670	5,523,651,603	21,295,676,691	370,840,468	36,934,046.80
TOTAL PAY:	3,218	$ 55,038,667,394	$9,821,050,279	$44,466,237,135	$ 665,904,294	$ 63,608,025.78
No-Pay:	2,883					
Subchapter S:	333					
GRAND TOTAL:	6,434					

TOTAL

TABLE 7

TOTAL NONAPPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
Agriculture	1,823	$ 58,271,673	$ 3,822,067	$ 54,379,005	$ 54,363,942	$ 3,809,523.94
Mining	56	6,687,031	851,088	5,820,588	4,489,990	368,730.00
Construction	1,314	52,538,304	4,564,410	45,737,334	45,416,409	3,391,638.32
Manufacturing	765	65,743,456	10,408,178	57,011,427	56,760,078	4,896,616.64
Utilities and Transportation	545	45,430,788	4,991,133	45,701,730	45,596,502	4,013,366.92
Wholesale Trade	1,251	59,180,498	6,495,364	54,102,194	54,275,725	4,050,342.38
Retail Trade	2,948	117,321,574	14,933,878	103,194,890	103,183,561	7,784,058.00
Finance	2,344	59,926,248	7,527,272	54,175,158	53,741,116	3,991,112.66
Services	2,285	49,388,910	4,352,030	43,044,259	41,919,360	2,927,612.74
Miscellaneous	581	12,632,797	1,076,815	11,213,118	11,207,796	809,830.02
TOTAL PAY:	13,912	$ 527,121,279	$ 59,022,235	$ 474,379,703	$ 470,954,479	$ 36,042,831.62
No-Pay:	12,265					
Subchapter S:	8,216					
GRAND TOTAL:	34,393					

TABLE 8

TOTAL NONAPPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Pay Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net	Income Subject To Tax	State Tax
$ 0-$ 25,000	8,788	$ 93,057,715	$ 6,347,538	$ 77,966,276	$ 74,349,161	$ 4,460,949.66
$ 25,001-$ 50,000	2,974	118,161,281	7,931,185	110,439,168	110,146,642	7,324,731.36
$ 50,001-$ 75,000	1,081	69,786,851	5,847,356	64,587,894	64,492,075	4,618,866.00
$ 75,001-$ 100,000	405	38,252,909	4,241,195	34,646,673	34,793,775	2,581,002.00
$ 100,001-$ 150,000	302	41,035,771	5,665,586	36,593,374	36,591,213	2,904,121.30
$ 150,001-$ 200,000	155	29,234,158	4,496,818	26,170,561	26,605,856	2,273,085.60
$ 200,001-$ 250,000	57	14,133,232	2,332,019	12,554,442	12,554,442	1,112,944.20
$ 250,001-$ 300,000	39	12,226,608	2,207,955	10,737,622	10,737,622	976,262.20
$ 300,001-$ 400,000	38	14,485,319	2,593,213	12,785,361	12,785,361	1,183,536.10
$ 400,001-$ 500,000	20	10,041,123	1,678,558	8,967,206	8,967,206	846,720.60
$ 500,001-$ 750,000	20	14,063,884	2,386,421	11,994,649	11,994,649	1,149,464.90
$ 750,001-$1,000,000	8	7,969,301	1,802,506	6,764,072	6,764,072	656,407.20
$1,000,001-$2,000,000	15	22,834,320	4,787,829	18,957,069	18,957,069	1,858,206.90
$ Over-$2,000,000	10	41,838,807	6,704,056	41,215,336	41,215,336	4,096,533.60
TOTAL PAY:	13,912	$ 527,121,279	$ 59,022,235	$ 474,379,703	$ 470,954,479	$ 36,042,831.62
No-Pay:	12,265					
Subchapter S:	8,216					
GRAND TOTAL:	34,393					

NONAPPORTIONING

TABLE 9

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
Agriculture	100	$ 115,134,964	$ 19,638,778	$ 91,401,642	$ 5,785,423
Mining	32	880,957,869	141,199,457	735,596,564	122,010,548
Construction	510	569,702,458	73,215,990	481,921,090	170,734,401
Manufacturing	1,296	41,938,586,284	7,789,211,990	33,539,296,841	6,316,581,867
Utilities and Transportation	293	3,108,025,845	368,837,118	2,719,707,984	229,451,844
Wholesale Trade	691	2,235,188,327	404,508,161	1,816,117,826	345,970,623
Retail Trade	497	2,743,747,354	544,785,511	2,193,070,350	197,564,038
Finance	247	1,405,060,347	203,776,081	1,168,159,489	165,058,292
Services	493	1,023,597,876	137,881,691	852,696,370	79,198,929
Miscellaneous	164	1,798,779,685	281,368,567	1,505,489,555	151,872,851
TOTAL PAY:	4,323	$55,818,781,009	$ 9,964,423,344	$45,103,457,711	$7,784,228,816
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,323				

TABLE 9 (Cont.)

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
Agriculture	100	$ 565,660	$ 15,088,642	$ 15,371,375	$ 1,430,800.40
Mining	32	25,708	5,811,990	5,831,939	530,045.06
Construction	510	715,288	24,925,599	25,375,922	2,148,462.98
Manufacturing	1,296	4,091,505	396,681,552	399,584,474	38,421,894.14
Utilities and Transportation	293	360,902	155,766,166	156,074,869	15,300,079.64
Wholesale Trade	691	1,770,892	88,129,243	89,234,512	8,132,710.56
Retail Trade	497	1,003,255	71,086,217	71,633,481	6,584,519.24
Finance	247	1,555,947	23,126,794	24,436,663	2,229,224.88
Services	493	988,593	18,961,211	18,879,874	1,561,364.90
Miscellaneous	164	293,108	21,564,681	21,812,816	2,033,896.10
TOTAL PAY:	4,323	$ 11,370,858	$ 821,142,095	$ 828,235,925	$ 78,372,997.90
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,323				

TABLE 10

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
Agriculture	50	$ 55,178,441	$ 11,691,541	$ 43,409,572	$ 228,260
Mining	11	3,340,112	652,572	2,720,934	0
Construction	155	27,695,132	3,924,759	23,020,484	852,716
Manufacturing	531	542,736,488	107,573,802	432,352,587	4,427,255
Utilities and Transportation	96	67,774,030	6,583,819	64,185,086	324,795
Wholesale Trade	334	57,610,606	9,696,431	49,377,844	1,085,709
Retail Trade	225	42,923,423	7,386,327	36,481,270	1,111,395
Finance	71	21,072,992	2,851,768	18,802,237	2,209,872
Services	123	14,666,847	1,933,722	12,470,572	1,186,963
Miscellaneous	38	3,494,984	566,940	2,809,065	167,828
TOTAL PAY:	1,634	$ 836,493,055	$ 152,861,681	$ 685,629,651	$ 11,594,793
No Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,634				

TABLE 10 (Cont.)

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
Agriculture	50	$ 207,288	$ 10,902,605	$ 10,979,878	$ 1,032,374.18
Mining	11	0	1,003,930	999,858	84,595.58
Construction	155	692,220	13,479,374	13,940,189	1,179,111.94
Manufacturing	531	3,447,893	64,975,598	68,125,444	6,185,344.60
Utilities and Transportation	96	315,667	42,743,107	43,034,881	4,199,358.68
Wholesale Trade	334	986,725	28,382,443	29,210,041	2,467,540.70
Retail Trade	225	984,740	27,419,770	28,132,027	2,539,375.92
Finance	71	1,372,642	7,610,900	8,824,892	799,425.12
Services	123	908,597	4,065,902	4,539,621	350,704.36
Miscellaneous	38	167,436	1,276,110	1,411,787	107,963.48
TOTAL PAY:	1,634	$ 9,083,208	$ 201,859,739	$ 209,198,618	$ 18,945,794.56
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,634				

TABLE 11

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
Agriculture	50	$ 59,956,523	$ 7,947,237	$ 47,992,070	$ 5,557,163
Mining	21	877,617,757	140,546,885	732,875,630	122,010,548
Construction	355	542,007,326	69,291,231	458,900,606	169,881,685
Manufacturing	765	41,395,849,796	7,681,638,188	33,106,944,254	6,312,154,612
Utilities and Transportation	197	3,040,251,815	362,253,299	2,655,522,898	229,127,049
Wholesale Trade	357	2,177,577,721	394,811,730	1,766,739,982	344,884,914
Retail Trade	272	2,700,823,931	537,399,184	2,156,589,080	196,452,643
Finance	176	1,383,987,355	200,924,313	1,149,357,252	162,848,420
Services	370	1,008,931,029	135,947,969	840,225,798	78,011,966
Miscellaneous	126	1,795,284,701	280,801,627	1,502,680,490	151,705,023
TOTAL PAY:	2,689	$ 54,982,287,954	$ 9,811,561,663	$44,417,828,060	$7,772,634,023
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,689				

TABLE 11 (Cont.)

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY BUSINESS CLASS

Business Class	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
Agriculture	50	$ 358,372	$ 4,186,037	$ 4,391,497	$ 398,426.22
Mining	21	25,708	4,808,060	4,832,081	445,449.48
Construction	355	23,068	11,446,225	11,435,733	969,351.04
Manufacturing	765	643,612	331,705,954	331,459,030	32,236,549.54
Utilities and Transportation	197	45,235	113,023,059	113,039,988	11,100,720.96
Wholesale Trade	357	784,167	59,746,800	60,024,471	5,665,169.86
Retail Trade	272	18,515	43,666,447	43,501,454	4,045,143.32
Finance	176	183,305	15,515,894	15,611,771	1,429,799.76
Services	370	79,996	14,895,309	14,340,253	1,210,660.54
Miscellaneous	126	125,672	20,288,571	20,401,029	1,925,932.62
TOTAL PAY:	2,689	$ 2,287,650	$ 619,282,356	619,037,307	$ 59,427,203.34
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,689				

TABLE 12

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
$ 0-$ 25,000	2,290	$ 1,679,257,548	$ 281,610,587	$ 1,364,775,230	$ 546,186,888
$ 25,001-$ 50,000	607	973,646,073	173,582,101	783,188,738	88,211,415
$ 50,001-$ 75,000	296	1,141,589,668	153,899,268	935,818,190	258,845,172
$ 75,001-$ 100,000	209	1,013,420,842	164,868,300	838,676,532	125,069,675
$ 100,001-$ 150,000	208	1,722,077,210	237,089,099	1,480,610,154	249,906,218
$ 150,001-$ 200,000	127	1,621,568,609	257,714,249	1,356,426,922	236,863,681
$ 200,001-$ 250,000	88	1,034,945,896	164,551,309	877,923,518	168,032,372
$ 250,001-$ 300,000	57	1,013,269,127	125,811,425	877,835,627	296,140,142
$ 300,001-$ 400,000	123	2,170,183,823	336,038,871	1,830,730,630	393,908,075
$ 400,001-$ 500,000	52	3,479,656,825	429,808,795	2,966,383,066	659,130,785
$ 500,001-$ 750,000	87	3,671,472,256	607,839,127	3,039,689,668	446,703,537
$ 750,001-$1,000,000	52	2,701,246,295	411,023,479	2,257,736,749	434,934,515
$1,000,001-$2,000,000	56	6,156,523,726	1,069,250,802	5,061,452,704	897,352,432
Over-$2,000,000	71	27,439,923,111	5,551,335,932	21,432,209,983	2,982,943,909
TOTAL PAY:	4,323	$ 55,818,781,009	$ 9,964,423,344	$45,103,457,711	$ 7,784,228,816
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,323				

TABLE 12 (Cont.)

TOTAL APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
$ 0-$ 25,000	2,290	$ 607,373	$ 11,744,757	$ 10,723,097	$ 643,385.82
$ 25,001-$ 50,000	607	665,095	21,634,435	21,951,323	1,452,605.84
$ 50,001-$ 75,000	296	737,452	17,751,426	18,090,379	1,299,230.32
$ 75,001-$ 100,000	209	360,668	17,795,860	18,116,834	1,344,846.72
$ 100,001-$ 150,000	208	573,602	24,902,500	25,266,158	2,006,615.80
$ 150,001-$ 200,000	127	225,407	21,652,304	21,866,998	1,869,199.80
$ 200,001-$ 250,000	88	488,845	19,940,445	19,575,923	1,737,592.30
$ 250,001-$ 300,000	57	278,550	15,818,451	15,690,285	1,426,528.50
$ 300,001-$ 400,000	123	2,177,360	40,094,660	42,272,020	3,919,702.00
$ 400,001-$ 500,000	52	113,416	22,755,662	22,694,355	2,139,435.50
$ 500,001-$ 750,000	87	3,123,699	51,941,804	54,160,019	5,198,501.90
$ 750,001-$1,000,000	52	263,790	44,652,988	44,916,778	4,361,677.80
$1,000,001-$2,000,000	56	443,195	75,723,096	76,865,643	7,546,564.30
Over-$2,000,000	71	1,312,406	434,733,707	436,046,113	43,427,111.30
TOTAL PAY:	4,323	$ 11,370,858	$ 821,142,095	$ 828,235,925	$ 78,372,997.90
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	4,323				

TABLE 13

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
$ 0-$ 25,000	738	$ 63,193,910	$ 8,992,472	$ 51,117,516	$ 543,641
$ 25,001-$ 50,000	330	47,802,699	6,314,679	39,828,282	651,510
$ 50,001-$ 75,000	138	36,419,139	6,063,124	29,696,749	1,252,880
$ 75,001-$ 100,000	97	28,764,960	5,186,178	22,960,563	265,778
$ 100,001-$ 150,000	96	29,947,793	5,321,591	24,630,549	688,175
$ 150,001-$ 200,000	57	26,824,434	5,358,991	21,746,137	192,853
$ 200,001-$ 250,000	31	17,005,200	2,854,986	14,491,139	454,687
$ 250,001-$ 300,000	19	15,142,137	2,754,976	12,621,396	469,957
$ 300,001-$ 400,000	50	120,187,883	22,610,030	95,630,090	1,731,799
$ 400,001-$ 500,000	16	32,322,233	6,017,130	26,530,489	1,101,715
$ 500,001-$ 750,000	27	108,181,949	21,836,073	86,969,096	2,382,884
$ 750,001-$1,000,000	14	45,758,850	8,204,452	37,920,056	229,894
$1,000,001-$2,000,000	6	91,870,598	21,139,058	71,702,655	463,087
Over-$2,000,000	15	173,071,270	30,207,941	149,784,934	1,165,933
TOTAL PAY:	1,634	$ 836,493,055	$ 152,861,681	$ 685,629,651	$ 11,594,793
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,634				

TABLE 13 (Cont.)

RESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Bracket	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
$ 0-$ 25,000	738	$ 373,085	$ 7,407,015	$ 7,138,057	$ 428,283.42
$ 25,001-$ 50,000	330	599,871	11,575,817	12,046,551	798,724.08
$ 50,001-$ 75,000	138	336,636	8,201,980	8,410,989	603,879.12
$ 75,001-$ 100,000	97	236,828	8,245,099	8,469,708	629,076.64
$ 100,001-$ 150,000	96	568,525	11,193,963	11,614,362	921,436.20
$ 150,001-$ 200,000	57	192,853	9,611,237	9,804,090	837,909.00
$ 200,001-$ 250,000	31	454,687	6,529,136	6,899,927	512,492.70
$ 250,001-$ 300,000	19	267,828	4,865,422	5,133,250	465,825.00
$ 300,001-$ 400,000	50	1,879,113	15,348,346	17,227,459	1,597,745.90
$ 400,001-$ 500,000	16	113,416	7,065,711	7,012,383	561,238.30
$ 500,001-$ 750,000	27	2,123,491	15,486,632	17,175,586	1,550,058.60
$ 750,001-$1,000,000	14	223,211	11,559,368	11,782,579	1,143,257.90
$1,000,001-$2,000,000	6	459,216	7,567,174	8,026,390	787,639.00
Over-$2,000,000	15	1,254,448	77,202,839	78,457,287	7,308,228.70
TOTAL PAY:	1,634	$ 9,083,208	$ 201,859,739	$209,198,618	$ 18,945,794.56
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	1,634				

TABLE 14

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Brackets	Number of Returns	Net Income Per Federal Return	50% of Federal Income Tax	Adjusted Net Income	Total Non-Business Income
$ 0-$ 25,000	1,552	$ 1,616,063,638	$ 272,618,115	$ 1,313,657,714	$ 545,643,247
$ 25,001-$ 50,000	277	925,843,374	167,267,422	743,360,456	87,559,905
$ 50,001-$ 75,000	158	1,105,170,529	147,836,144	906,121,441	257,592,292
$ 75,001-$ 100,000	112	984,655,882	159,682,122	815,715,969	124,803,897
$ 100,001-$ 150,000	112	1,692,129,417	231,767,508	1,455,979,605	249,218,043
$ 150,001-$ 200,000	70	1,594,744,175	252,355,258	1,334,680,785	236,670,828
$ 200,001-$ 250,000	57	1,017,940,696	161,696,323	863,432,379	167,577,685
$ 250,001-$ 300,000	38	998,126,990	123,056,449	865,214,231	295,670,185
$ 300,001-$ 400,000	73	2,049,995,940	313,428,841	1,735,100,540	392,176,276
$ 400,001-$ 500,000	36	3,447,334,592	423,791,665	2,939,852,577	658,029,070
$ 500,001-$ 750,000	60	3,563,290,307	586,003,054	2,952,720,572	444,320,653
$ 750,001-$1,000,000	38	2,655,487,445	402,819,027	2,219,816,693	434,704,621
$1,000,001-$2,000,000	50	6,064,653,128	1,048,111,744	4,989,750,049	896,889,345
Over-$2,000,000	56	27,266,851,841	5,521,127,991	21,282,425,049	2,981,777,976
TOTAL PAY:	2,689	$ 54,982,287,954	$9,811,561,663	$44,417,828,060	$ 7,772,634,023
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,689				

TABLE 14 (Cont.)

NONRESIDENT APPORTIONING CORPORATION PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Brackets	Number of Returns	Non-Business Income Assigned to Iowa	Income Apportioned to Iowa	Income Subject To Tax	State Tax
$ 0-$ 25,000	1,552	$ 234,288	$ 4,337,742	$ 3,585,040	$ 215,102.40
$ 25,001-$ 50,000	277	65,224	10,058,618	9,904,772	653,881.76
$ 50,001-$ 75,000	158	400,816	9,549,446	9,679,390	695,351.20
$ 75,001-$ 100,000	112	123,840	9,550,761	9,647,126	715,770.08
$ 100,001-$ 150,000	112	5,077	13,708,537	13,651,796	1,085,179.60
$ 150,001-$ 200,000	70	32,554	12,041,067	12,062,908	1,031,290.80
$ 200,001-$ 250,000	57	34,158	13,411,309	12,675,996	1,125,099.60
$ 250,001-$ 300,000	38	10,722	10,953,029	10,557,035	960,703.50
$ 300,001-$ 400,000	73	298,247	24,746,314	25,044,561	2,321,956.10
$ 400,001-$ 500,000	36	0	15,689,951	15,681,972	1,478,197.20
$ 500,001-$ 750,000	60	1,000,206	36,455,172	36,984,433	3,548,443.30
$ 750,001-$1,000,000	38	40,579	33,093,620	33,134,199	3,218,419.90
$1,000,001-$2,000,000	50	16,021-	68,155,922	68,839,253	6,758,925.30
Over-$2,000,000	56	57,958	357,530,868	357,588,826	35,618,882.60
TOTAL PAY:	2,689	$ 2,287,650	$ 619,282,356	$619,037,307	$ 59,427,203.34
No-Pay:	0				
Subchapter S:	0				
GRAND TOTAL:	2,689				

TABLE 15

TOTAL CORPORATION PAY RETURNS AND TAX
BY COUNTY

County	No. of Pay Returns	% of Total	State Tax	% of Total	County	No. of Pay Returns	% of Total	State Tax	% of Total
Adair	46	.25%	$ 108,564.88	.09%	Cherokee	57	.31%	$ 151,426.42	.13%
Adams	18	.10	32,876.22	.03	Chickasaw	57	.31	141,145.90	.12
Allamakee	52	.29	72,709.62	.06	Clarke	31	.17	31,731.76	.03
Appanoose	48	.26	643,041.12	.56	Clay	127	.70	267,849.32	.23
Audubon	39	.21	62,029.74	.05	Clayton	107	.59	260,822.10	.23
Benton	108	.59	166,689.10	.15	Clinton	241	1.32	511,807.08	.45
Black Hawk	782	4.29	2,641,095.52	2.31	Crawford	75	.41	164,762.60	.14
Boone	130	.71	574,661.46	.50	Dallas	147	.81	248,797.98	.22
Bremer	122	.67	325,818.74	.28	Davis	22	.12	32,890.48	.03
Buchanan	110	.60	258,364.18	.23	Decatur	21	.12	47,954.22	.04
Buena Vista	109	.60	343,684.86	.30	Delaware	69	.38	162,599.30	.14
Butler	81	.44	204,635.34	.18	Des Moines	241	1.32	611,516.02	.53
Calhoun	43	.24	100,228.62	.09	Dickinson	69	.38	108,280.56	.09
Carroll	93	.51	468,729.02	.41	Dubuque	469	2.57	2,677,183.32	2.34
Cass	100	.55	192,885.86	.17	Emmet	71	.39	182,705.30	.16
Cedar	112	.61	244,726.12	.21	Fayette	141	.77	230,594.56	.20
Cerro Gordo	337	1.85	1,024,959.04	.90	Floyd	93	.51	247,668.16	.22

TABLE 15 (Cont.)

TOTAL CORPORATION PAY RETURNS AND TAX
BY COUNTY

County	No. of Pay Returns	% of Total	State Tax	% of Total	County	No. of Pay Returns	% of Total	State Tax	% of Total
Franklin	91	.50%	$ 298,135.10	.26%	Johnson	378	2.07%	$ 772,309.24	.68%
Fremont	45	.25	100,825.72	.09	Jones	92	.50	164,615.60	.14
Greene	69	.38	172,844.18	.15	Keokuk	53	.29	143,968.62	.13
Grundy	106	.58	306,813.02	.27	Kossuth	87	.48	260,407.48	.23
Guthrie	47	.26	61,533.54	.05	Lee	138	.76	355,113.34	.31
Hamilton	83	.46	467,105.48	.41	Linn	968	5.31	3,827,043.36	3.34
Hancock	61	.33	179,238.18	.16	Louisa	48	.26	69,332.84	.06
Hardin	151	.83	378,911.68	.33	Lucas	39	.21	932,164.58	.81
Harrison	53	.29	161,586.34	.14	Lyon	39	.21	61,777.34	.05
Henry	141	.77	193,654.40	.17	Madison	46	.25	77,251.56	.07
Howard	33	.18	37,359.88	.03	Mahaska	119	.65	293,787.48	.26
Humboldt	67	.37	142,969.24	.12	Marion	135	.74	764,719.20	.67
Ida	49	.27	151,713.64	.13	Marshall	242	1.33	536,496.28	.47
Iowa	71	.39	311,763.48	.27	Mills	31	.17	51,449.14	.04
Jackson	91	.50	181,416.00	.16	Mitchell	39	.21	147,782.46	.13
Jasper	171	.94	556,820.00	.49	Monona	49	.27	103,614.74	.09
Jefferson	59	.32	189,403.20	.17	Monroe	23	.13	35,801.82	.03

TABLE 15 (Cont.)

TOTAL CORPORATION PAY RETURNS AND TAX
BY COUNTY

County	No. of Pay Returns	% of Total	State Tax	% of Total	County	No. of Pay Returns	% of Total	State Tax	% of Total
Montgomery	66	.36%	$ 125,654.44	.11%	Tama	109	.60%	$ 196,269.80	.17%
Muscatine	225	1.23	736,770.14	.64	Taylor	29	.16	29,633.42	.03
O'Brien	82	.45	148,661.76	.13	Union	56	.31	137,474.98	.12
Osceola	36	.20	104,363.18	.09	Van Buren	20	.11	26,371.46	.02
Page	66	.36	182,130.86	.16	Wapello	123	.67	240,204.78	.21
Palo Alto	60	.33	132,785.02	.12	Warren	98	.54	264,851.18	.23
Plymouth	113	.62	300,682.50	.26	Washington	176	.97	464,761.28	.41
Pocahontas	91	.50	235,838.36	.21	Wayne	33	.18	70,127.96	.06
Polk	2,318	12.71	11,320,230.36	9.89	Webster	248	1.36	628,264.92	.55
Pottawattamie	282	1.55	660,448.32	.58	Winnebago	71	.39	131,040.18	.11
Poweshiek	106	.58	259,797.12	.23	Winneshiek	79	.43	127,758.70	.11
Ringgold	14	.08	16,772.86	.01	Woodbury	511	2.80	2,472,832.86	2.16
Sac	116	.64	205,440.26	.18	Worth	29	.16	67,641.66	.06
Scott	964	5.29	3,911,082.54	3.42	Wright	100	.55	238,076.00	.21
Shelby	93	.51	219,912.48	.19	Nonresident	3,218	17.65	63,608,025.78	55.59
Sioux	112	.61	425,386.98	.37	GRAND TOTAL	18,235	100.00%	$114,415,829.52	100.00%
Story	309	1.69	691,374.70	.60					

TABLE 16

TOTAL FRANCHISE TAX PAY RETURNS AND TAX
BY TAXABLE INCOME

Taxable Income Brackets	Pay Returns	Federal Taxable Income	Plus Int. & Div. Subject to Iowa Tax	Less 50% of Federal Tax	Income Subject to Tax	State Tax
$ 0-$ 25,000	34	$ 268,142	$ 255,446	$ 44,519	$ 444,397	$ 22,219.85
$ 25,001-$ 50,000	85	2,981,359	835,549	444,865	3,182,375	169,692.50
$ 50,001-$ 75,000	114	6,115,594	2,047,773	782,472	7,073,481	395,908.86
$ 75,001-$ 100,000	90	7,606,439	1,485,114	1,185,306	7,871,497	461,004.79
$ 100,001-$ 150,000	93	9,603,356	3,270,621	1,596,084	11,201,059	710,084.72
$ 150,001-$ 200,000	78	11,459,763	4,371,947	2,096,295	13,653,205	936,256.40
$ 200,001-$ 250,000	59	10,574,037	4,345,152	1,770,113	13,084,159	928,732.72
$ 250,001-$ 500,000	111	32,348,690	12,881,117	5,837,673	39,043,379	2,901,470.32
$ 500,001-$ 750,000	38	18,329,931	8,119,968	3,566,444	22,510,910	1,724,872.80
$ 750,001-$1,000,000	13	7,409,730	5,399,518	1,421,814	11,318,694	879,495.52
Over-$1,000,000	21	30,421,283	10,918,614	6,415,530	34,721,293	2,735,703.44
SUB TOTAL:	736	$137,118,324	$53,930,819	$ 25,161,115	$164,104,449	$11,865,441.92
No-Pay:	31					
GRAND TOTAL:	767					

FRANCHISE